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ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT**

and

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL
AND COMPLIANCE**

For the Year Ended March 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 OCT 20 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Mary Community Action Committee
Association, Inc.
Franklin, Louisiana

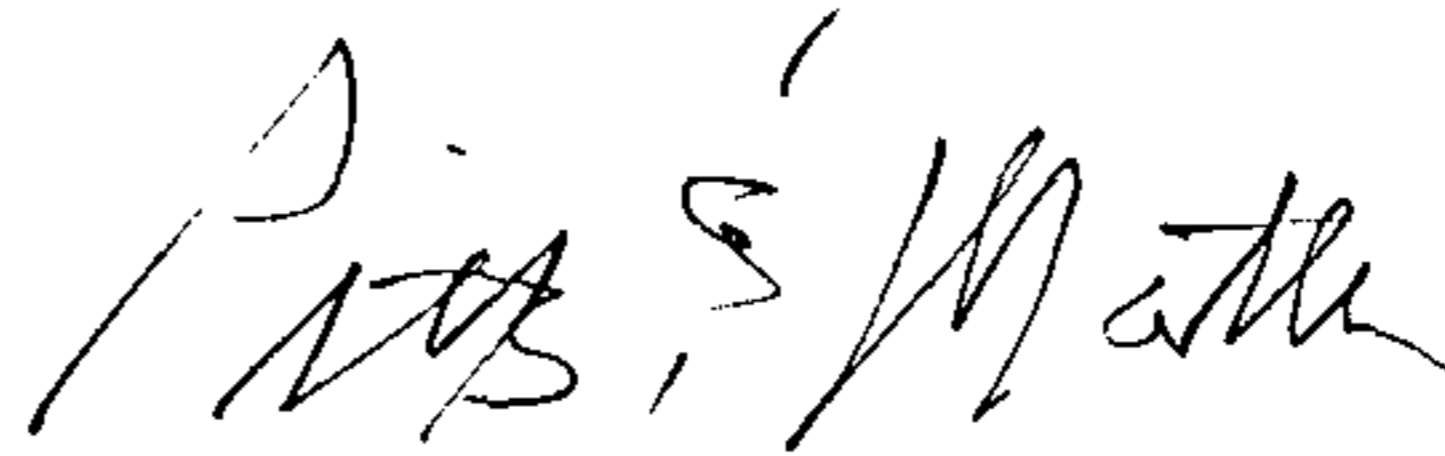
We have audited the accompanying statement of financial position of St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of March 31, 1999, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Community Action Committee Association, Inc. as of March 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 1999, on our consideration of St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting and our tests 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 of St. Mary Community Action Committee Association, Inc. taken as a whole. The individual program statements of activities are presented for additional analysis and are not a required part of the basic financial statements of the St. Mary Community Action Committee Association, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the financial statements of St. Mary Community Action Committee Association, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

July 30, 1999

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 1999

ASSETS

Current assets	
Cash	\$297,986
Grants receivable	81,669
Note receivable	2,839
	<hr/>
Total current assets	382,494
Note receivable	4,794
Inventory - Subdivision development	266,769
Fixed assets - less accumulated depreciation	993,915
	<hr/>
Total assets	<u>\$1,647,972</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Checks issued in excess of bank balances	\$16,619
Accounts payable and accrued expenses	167,392
Notes payable	6,982
	<hr/>
Total current liabilities	190,993
Long term notes payable	164,251
	<hr/>
Total liabilities	355,244
Net assets	
Unrestricted	354,239
Temporarily restricted for:	
Fixed assets with explicit restrictions on use	\$713,549
Construction of fixed assets	200,000
Housing assistance programs	15,473
Emergency assistance programs	2,900
At-risk youth programs	6,567
	<hr/>
	938,489
Total net assets	<hr/> <u>1,292,728</u>
Total liabilities and net assets	<hr/> <u>\$1,647,972</u>

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

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED MARCH 31, 1999

Changes in net assets:	
Support	
Grants	
Federal	\$345,864
State	83,642
Local	48,245
Contributions	193,372
Other	11,117
Net assets released from restrictions:	
Satisfaction of program restrictions	2,532,194
	<hr/>
Total unrestricted support	3,214,434
	<hr/>
Expenses	
Head Start program	1,987,453
Housing assistance programs	348,456
Transportation program	105,013
Childcare program	513,182
Emergency assistance programs	13,404
Other general assistance	98,757
Management and general	168,968
	<hr/>
Total unrestricted expenses	3,235,233
	<hr/>
Changes in unrestricted net assets	(20,799)
	<hr/>
Changes in temporarily restricted net assets:	
Support	
Grants	
Federal	2,800,207
Net assets released from restrictions:	
Satisfaction of program restrictions	(2,532,194)
	<hr/>
Increase (decrease) in temporarily restricted net assets	268,013
	<hr/>
Increase (decrease) in net assets	247,214
	<hr/>
Net assets at March 31, 1998	1,045,514
	<hr/>
Net assets at March 31, 1999	\$1,292,728
	<hr/> <hr/>

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

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 1999

Cash flows from operating activities:	
Cash received from Federal grantors	\$3,111,747
Cash received from state grants	83,642
Cash received from local grants	48,245
Proceeds from Faith Place construction loan	123,613
Miscellaneous receipts	11,117
Cash paid to employees	(1,624,325)
Cash paid to vendors	(1,454,339)
Cash paid for Faith Place construction	(123,613)
	<hr/>
Net cash provided by operating activities	176,087
	<hr/>
Cash flows from investing activities:	
Purchase of fixed assets	(923)
Loans made	(7,633)
	<hr/>
Net cash used in investing activities	(8,556)
	<hr/>
Cash flows from financing activities	
Proceeds from long term debt	47,620
	<hr/>
	47,620
	<hr/>
Net increase in cash and cash equivalents	215,151
Cash and cash equivalents at beginning of year	66,216
	<hr/>
Cash and cash equivalents at end of year	\$281,367
	<hr/> <hr/>
Cash and cash equivalents at end of year consists of the following:	
Cash	\$297,986
Checks issued in excess of bank balances	(16,619)
	<hr/>
	\$281,367
	<hr/> <hr/>

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets:		\$244,787
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$123,033	
Increase in grants receivable	(29,824)	
Increase in inventory - subdivision development	(266,769)	
Decrease in checks issued in excess of bank balances	(3,278)	
Decrease in accounts payable	(1,283)	
Increase in Faith Place construction loan	123,613	
	<hr/>	(54,508)
Net cash provided by operating activities		<hr/> <hr/> \$190,279

NOTES:

The Association also received noncash contributions of building usage and professional services totaling \$141,449 during the year.

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

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 March 31, 1999

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements follows:

The Association is a not-for-profit corporation designated as St. Mary Parish's official agency for the enactment and oversight of many social, education, and welfare programs for the citizens of St. Mary Parish, Louisiana; including the operation of the local Head Start program which accounts for approximately sixty percent of the Association's expenditures. The Association receives Federal, state, and local funding to operate its various programs.

The following is a summary of the programs and their primary functions applicable to the Association during the year ended March 31, 1999:

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
General	Various	General operations.
Head Start #22	U.S. Dept. of Health and Human Services	To provide comprehensive health, educational, nutritional, social, and other services to economically disadvantaged preschool children.
Head Start Reimbursement	U.S. Dept. of Agriculture	To supply supplemental nutritious foods and nutrition education to low-income families.
Even Start	U.S. Dept. Of Education	To provide comprehensive educational services, particularly in the area of literacy to economically disadvantaged families
Community Services Block Grant	U.S. Dept. of Health and Human Services	To provide administrative assistance to non-profit community service organizations.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Revolving Loan Program	U.S. Dept. Of Agriculture	To provide loans to small businesses located in rural areas.
Parish Council	St. Mary Parish Council	To supplement transportation services.
Home Day Care	U.S. Dept. of Agriculture	To supply nutritious foods to children in child-care facilities.
LIHEAP Utility Payments	U.S. Dept. of Health and Human Services	To assist eligible households to meet home energy costs.
Medicaid	U.S. Dept. of Health and Human Services	To provide financial assistance for payments of medical assistance on behalf of eligible individuals.
Weatherization	U.S. Dept. of Energy	To weatherize dwellings of low-income individuals.
Housing Counseling	U.S. Dept. Of Housing And Urban Development	To provide a full range of services, advice, and assistance to housing consumers in improving their housing conditions and meeting the responsibilities of homeownership and tenancy.
Summer Child Care	U.S. Dept. of Health and Human Services	To provide comprehensive cultural enrichment, educational, nutritional, social and other services during the summer months to children of St. Mary Parish

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
FEMA Emergency Assistance	Federal Emergency Management Agency	To assist eligible clients with utility, rent, emergency shelter, and food assistance.
Summer Feeding	U.S. Dept. of Agriculture	To supply nutritious foods to children during summer Months.
Emergency Shelter	U.S. Dept. of Health and Human Services	To provide emergency housing for victims of fire, floods, storms and other natural disasters.
Housing Department	Earned fees and other	To provide housing assistance, counseling, etc. regarding home ownership
Mid South Grant	Foundation for the Mid South	To provide comprehensive youth development services to the youth of St. Mary Parish.
Affordable Housing	Federal Home Loan Bank of Dallas and Louisiana Housing Finance Agency	To provide affordable housing through development and construction.

Basis of Accounting

The accrual basis of accounting is generally used by the Association.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Support and Revenues

A significant portion of the Association's support and revenue is in the form of grants from governmental agencies. These grants are generally recognized as revenue to the extent that expenses have been incurred for purposes specified by the grantor.

Expenses

Assets or expenses and their related liabilities are recorded when the related goods or services are received by the Association.

Utilization of Contributed Goods, Services or Facilities

In general contributed goods and facilities that meet the proper criteria are recorded as items of support or revenue with a like amount recorded as expense upon receipt at fair market value.

In accordance with Financial Accounting Standards No. 116, contributions of services shall be recognized only if the services received a) create or enhance nonfinancial assets or b) require specialized skills and the person providing the service possesses the specialized skill.

Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost or estimated cost. Contributed items are valued at their estimated fair market value at the date of the contribution. Fixed assets are depreciated over their estimated useful lives on the straight-line basis. Fixed assets purchased with federal dollars may need to be returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion.

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 to the financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Net assets

In accordance with the Statement of Financial Accounting Standards #117, the Association must report net assets in each of the following three classes:

- a. permanently restricted - net assets in this category are restricted by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.
- b. temporarily restricted - net assets in this category are restricted by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization.
- c. unrestricted - net assets in this category are not restricted by donor-imposed restrictions.

The Association has unrestricted and temporarily restricted net assets.

The temporary restrictions result from grants received with restrictions that expire when those donor-imposed stipulations have been met. Once the stipulation related to the restriction has been met these temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Association considers all cash in non-interest bearing checking accounts and cash on hand to be cash and cash equivalent accounts.

Income Tax Status

The Association operates as a not-for-profit organization. It is accorded tax exempt status under Section 501 (c) (3) of the Internal Revenue Code.

NOTE 2 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

NOTE 3 - NOTE RECEIVABLE

During the year, the Association received approval for a grant from the U.S. Department of Agriculture Rural Development Office to be used for a revolving loan program. This program loans money to small businesses in rural areas. The amount of the grant is \$50,000. The Association recognizes revenue from the grant as loan are made to borrowers. The receivable for the loan is recorded as notes receivable.

During the year, one small business loan was made totaling \$8,775, calling for interest of 5 percent and monthly payments of \$263. At March 31, 1999, the balance due was \$7,633.

NOTE 4 - INVENTORY - SUBDIVISION DEVELOPMENT

The Association is in the process of developing Faith Place, a single family residential subdivision. Last year the Association received a grant from the Federal Home Loan Bank of Dallas. This grant was used to purchase the land for the subdivision. This year, the Association entered into an agreement with the Louisiana Housing Finance Agency for a \$200,000 revolving loan for the purpose of constructing fifteen homes. The construction is scheduled to take place over a period of five phases to be completed in the year ended March 31, 2001. The construction phase of the first three houses was substantially completed prior to year end. Subsequent to year, two of the homes were sold, the sale of the third house is pending and construction began on the next set of five homes. The estimated total cost for the development, including the cost of the land, is approximately \$885,000.

Inventory at March 31, 1999 consists of the following:

Faith Place	
Lots available for building	\$108,822
Homes for which construction is	
Substantially complete	<u>157,947</u>
	<u>\$266,769</u>

NOTE 5 - FIXED ASSETS

The following is a summary of fixed assets by major category with their related estimated useful lives:

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Life</u>
Building	\$ 864,676	35 years
Vehicles	466,891	3 years
Furniture and fixtures	47,899	5 years
Machinery and equipment	290,608	5 years
Leasehold improvements	<u>23,521</u>	5 years
Total	1,693,595	
Less: accumulated depreciation	<u>699,680</u>	
	<u>\$ 993,915</u>	

Depreciation for the year ended March 31, 1999 totaled approximately \$123,000.

Certain grant requirements restrict the use of certain fixed assets. Substantially all fixed assets acquired with donated funds would revert back to the grantor if those fixed assets would cease to be used in that program.

NOTE 6 - LONG TERM NOTES PAYABLE

Notes payable at March 31, 1999 are comprised of the following:

<u>Description</u>	<u>Balance at 3/31/99</u>
\$200,000 non-interest bearing revolving loan from Louisiana Housing Finance Agency to be Used for Construction of Faith Place Subdivision; Outstanding balance due June 30, 2000	\$123,613
\$43,000 non-interest bearing promissory note for Purchase of Isaiah's house; payable in monthly Installments of \$350 through February, 2009	43,000
\$5,000 note payable dated October 13, 1998; Payable in monthly installments of \$115 Through December 2002, interest at 5 percent	<u>4,620</u>
	171,233
Less current portion	<u>6,982</u>
	<u>\$164,251</u>

NOTE 6 - LONG TERM NOTES PAYABLE (cont'd)

The following is a schedule of future debt requirements for debt outstanding at March 31, 1999:

<u>Year</u>	
2000	\$ 6,777
2001	129,051
2002	5,501
2003	5,104
2004	4,200
Thereafter	<u>20,600</u>
	<u>\$171,233</u>

NOTE 7 - LEASES

At March 31, 1999, the Association had three significant operating leases in effect. The leases cover the buildings in various locations used to serve recipients of the Association's services. Total rent expense for the year ended March 31, 1999 totaled \$5,220.

The aggregate future minimum lease payments for the three leases is approximately \$3,100. All lease payments are due in the year ended March 31, 2000.

NOTE 8 - UTILIZATION OF CONTRIBUTIONS

The following contributions were received and recognized by the Association during the year ended March 31, 1999.

<u>Program</u>	<u>Contribution</u>	<u>Amount</u>
General Operations	Commodities	\$ 50,833
Head Start	Rent	65,979
Head Start	Professional Services	<u>76,560</u>
Total recognized contributions received		\$ <u>193,372</u>

In addition to the recognized contributions, the Association receives donations from parent volunteers in the Head Start Program. These contributed services and food items were not recognized because they do not meet the criteria set forth in FASB 116, however, these contributions do meet the matching requirements set forth in the Head Start grant. The sum of recognized and unrecognized "in-kind" contributions to the Head Start Program total approximately \$453,000.

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Association began a 401(k) savings plan during the year. All employees with one year of service and an attained age of 20 ½ may participate. Participating employees may elect to contribute up to ten percent of their earnings. The Association may contribute an amount equal to a percent of the participates' contributions. The Association contributed approximately \$12,000 to the plan for the year ended March 31, 1999.

NOTE 10 - RELATED ENTITIES

The Association is a participant in a Limited Partnership as a General Partner sharing .5% in profits and losses and .5% in ownership capital. Because of the Association's small amount of ownership and because of certain provisions of the partnership agreement that restrict the Association's activities, the Association does not account for their investment in the partnership under the equity method. Rather, the Association records its share of income or loss when reported by the partnership. The partnership was formed for the purpose of constructing and maintaining a 30 unit low to moderate income townhouse community, "Sparrow Gardens Townhouses", located in Centerville, Louisiana. The total cost of the project was approximately \$1,376,000. This project was completed in January of 1996.

The Association acting in the capacity of a Community Housing Development Organization (CHDO) is the administrative manager of the complex. The accounting and financial management of the complex is handled by another partner.

In addition to its share of profits or losses, the Association receives \$15 per occupied unit per month as a management fee. Total fees for the year ended March 31, 1999, totaled approximately \$5,400 which are reported when earned.

The Partnership's year end is December 31, 1998. Total net assets of the partnership total \$378,000 at December 31, 1998. The partnership incurred a net loss of \$53,000 at December 31, 1998. The amount of this loss attributable to the Agency is \$265.

NOTE 11 - CONCENTRATIONS

Ninety-six percent of the Association's funding is obtained from federal grants. The largest federal grant administered by the Association is the Head Start program. Head Start funding composed fifty-seven percent of the Association's total funding for the year ended March 31, 1999.

SUPPLEMENTARY INFORMATION

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 1999

	General Fund	Head Start #22	Head Start Reimbursement	Louisiana Housing Development	Even Start	CSBG	Revolving Loan Fund
Changes in unrestricted net assets:							
Support							
Grants			\$169,507				\$8,775
Federal	\$11,583						
State	5,004						
Local							
Other support	50,833						
Utilization of contributed food		\$76,560					
Utilization of contributed professional services		65,979					
Utilization of contributed facilities							
Other	4,939						173
Net assets released from restrictions:							
Satisfaction of program restrictions		1,601,535			\$37,394	\$165,500	
Total unrestricted support	72,359	1,744,074	169,507	0	37,394	165,500	8,948
Expenses							
Salaries	1,238	1,140,949	62,227		26,564	140,671	
Utilization of contributed food	50,833						
Utilization of contributed professional services		76,560					
Professional services	962	27,763	1,500		5,256	2,600	
Contractual							
Machinery and equipment		12,779					
Renovation	650	55,666					
Rent		6,427					
Services	424	50,285					
Utilization of contributed facilities		65,979					
Supplies	4,123	23,145	720		146	1,424	
Travel and van costs	4,378	31,789	121			3,280	
Insurance		84,033				6,403	
Services provided to community:							
Emergency assistance						3,540	
Food		8,583	79,774				
Medical		18,908					
Rent							
Utility payments					3,564	10,234	76
Other	12,514	78,483	11,354		104	740	
Depreciation	583	114,483	291				
Total unrestricted expenses	75,705	1,795,832	155,987	0	35,634	168,892	76

Changes in unrestricted net assets	(3,346)	(51,758)	13,520	1,760	(3,392)	8,872
Other changes in unrestricted net assets:						
Transfer in			6,100		30	
Transfer out	(550)		(8,105)		(30)	
Increase (decrease) in unrestricted net assets	(3,896)	(51,758)	11,515	1,760	(3,392)	8,872
Changes in temporarily restricted net assets						
Support						
Grants						
Federal		1,855,000		44,538	165,500	
Net assets released from restrictions:						
Satisfaction of program restrictions		(1,601,535)		(37,394)	(165,500)	
Increase (decrease) in temporarily restricted net assets	0	253,465	0	7,144	0	
Increase (decrease) in net assets	(3,896)	201,707	11,515	8,904	(3,392)	8,872
Net assets at March 31, 1998	2,057	866,156	7,783	(1,193)	(126)	
Residual equity transfer	5,360	402				
Net assets at March 31, 1999	\$3,521	\$1,068,265	\$19,298	\$8,904	(\$3,518)	\$8,872

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 1999

	Parish Council	Home Day Care	State Appropriation	LIHEAP	Medicaid	Weatherization	Housing Counseling
Changes in unrestricted net assets:							
Support							
Grants							
Federal		\$155,999					
State	\$71,546						
Local	24,375		\$18,870				
Other support							
Utilization of contributed food							
Utilization of contributed professional services							
Utilization of contributed facilities							
Other							
Net assets released from restrictions:							
Satisfaction of program restrictions			322,011		\$18,704	\$11,259	\$2,073
Total unrestricted support	95,921	155,999	0	340,881	18,704	11,259	2,073
Expenses							
Salaries	66,863	28,848		3,177	18,894		
Utilization of contributed food							
Utilization of contributed professional services				3,060		669	
Professional services							
Contractual							
Machinery and equipment	4,904						
Renovation	4,478						
Rent						4,500	
Services	837	113,248					
Utilization of contributed facilities							
Supplies	856	2,218		5,026		4,257	
Travel and van costs	14,167	1,185		1,166	682	1,787	1,378
Insurance	1,499	240		360			
Services provided to community:							
Emergency assistance				184,223			500
Food							
Medical							
Rent							
Utility payments				120,763			
Other	7,013	3,580		2,178	312	45	195
Depreciation	4,396			377			
Total unrestricted expenses	105,013	149,319	0	320,330	19,888	11,258	2,073

Changes in unrestricted net assets	(9,092)	6,680	20,551	(1,184)	1
Other changes in unrestricted net assets:					
Transfer in	6,747	3,410	2,521	2,105	
Transfer out	(7,537)	(2,250)	(3,210)		
Increase (decrease) in unrestricted net assets	(9,882)	7,840	19,862	921	1
Changes in temporarily restricted net assets					
Support					
Grants					
Federal			326,045	18,704	16,278
Net assets released from restrictions:					4,500
Satisfaction of program restrictions			(322,011)	(18,704)	(11,259)
Increase (decrease) in temporarily restricted net assets	0	0	4,034	0	5,019
Increase (decrease) in net assets	(9,882)	7,840	23,896	921	5,020
Net assets at March 31, 1998	9,467	(38)	(19,913)	(2,111)	3,992
Residual equity transfer		(527)			151
Net assets at March 31, 1999	(\$415)	\$7,802	\$3,983	(\$1,190)	\$9,012
					\$2,427

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
 STATEMENT OF ACTIVITY BY PROGRAM
 FOR THE YEAR ENDED MARCH 31, 1999

	Homeless Prevention	Summer Child Care	FEMA Emergency Assistance	Summer Feeding Program	Emergency Shelter	Housing Department	Family Preservation
Changes in unrestricted net assets:							
Support							
Grants							
Federal							
State			\$3,994		\$3,098	\$5,000	
Local							
Other support							
Utilization of contributed food							
Utilization of contributed professional services							
Utilization of contributed facilities						5,400	
Other							
Net assets released from restrictions:							
Satisfaction of program restrictions		\$306,776	2,677	\$57,089	4,012		
Total unrestricted support	0	306,776	6,671	57,089	7,110	10,400	0
Expenses							
Salaries		202,463		28,042	891	3,591	
Utilization of contributed food							
Utilization of contributed professional services							
Professional services		21,221					
Contractual							
Machinery and equipment					1,519		
Renovation							
Rent		1,705					
Services		25,511					
Utilization of contributed facilities							
Supplies		16,193	26	183	513	845	
Travel and van costs		15,575		38		1,398	
Insurance							
Services provided to community:							
Emergency assistance			252		250		
Food			530	28,825			
Medical							
Rent			1,895		550		
Utility payments							
Other		24,107	2,917		4,061	4,776	
Depreciation						2,059	
Total unrestricted expenses	0	306,775	5,620	57,088	7,784	12,669	0

Changes in unrestricted net assets	1	1,051	1	(674)	(2,269)
Other changes in unrestricted net assets:					
Transfer in	5,000		450		4,254
Transfer out	(5,000)		(600)		(2,695)
Increase (decrease) in unrestricted net assets	0	1,051	(599)	(224)	(710)
0	1	1,051	(599)	(224)	0
Changes in temporarily restricted net assets					
Support					
Grants					
Federal	297,340	2,677	57,613	4,012	
Net assets released from restrictions:					
Satisfaction of program restrictions	(306,776)	(2,677)	(57,089)	(4,012)	
Increase (decrease) in temporarily restricted net assets	0	(9,436)	524	0	0
0	(9,436)	0	524	0	0
Increase (decrease) in net assets	(9,435)	1,051	(75)	(224)	(710)
Net assets at March 31, 1998	394	48,090	1,686	387	(3,901)
Residual equity transfer	(394)				3,871
					(404)
Net assets at March 31, 1999	\$0	\$38,655	\$2,737	\$163	(\$740)
					\$0

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
 STATEMENT OF ACTIVITY BY PROGRAM
 FOR THE YEAR ENDED MARCH 31, 1999

	IIA/OCA	Governor's Safe & Drug Free	Midsouth Foundation	Affordable Housing (Faith Place)	Total All Programs
Changes in unrestricted net assets:					
Support					
Grants					
Federal					\$345,864
State					83,642
Local					48,245
Other support					
Utilization of contributed food					50,833
Utilization of contributed professional services					76,560
Utilization of contributed facilities					65,979
Other			\$605		11,117
Net assets released from restrictions:					
Satisfaction of program restrictions			\$3,164		2,532,194
Total unrestricted support	0	0	3,164	605	3,214,434
Expenses					
Salaries			1,364		1,725,782
Utilization of contributed food					50,833
Utilization of contributed professional services					76,560
Professional services					63,031
Contractual					
Machinery and equipment					17,683
Renovation					62,313
Rent					8,132
Services					194,805
Utilization of contributed facilities					65,979
Supplies			1,800		61,475
Travel and van costs					76,944
Insurance				2,037	94,572
Services provided to community:					
Emergency assistance					188,765
Food					117,712
Medical					18,908
Rent					2,445
Utility payments				89	120,763
Other					165,498
Depreciation					123,033
Total unrestricted expenses	0	0	3,164	2,126	3,235,233

Changes in unrestricted net assets		(1,521)	(20,799)
Other changes in unrestricted net assets:			
Transfer in	5,742		36,359
Transfer out	(6,382)		(36,359)
Increase (decrease) in unrestricted net assets	0	(1,521)	(20,799)
Changes in temporarily restricted net assets			
Support			
Grants			
Federal	8,000		2,800,207
Net assets released from restrictions:			
Satisfaction of program restrictions	(3,164)		(2,532,194)
Increase (decrease) in temporarily restricted net assets	0	4,836	268,013
Increase (decrease) in net assets		(1,521)	247,214
Net assets at March 31, 1998	5,062	4,590	1,045,514
Residual equity transfer	(5,062)	(4,590)	
Net assets at March 31, 1999	\$0	\$0	\$1,292,728

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended March 31, 1999

FEDERAL GRANTOR/ PASS-THROUGH GRANT NAME/ <u>PROGRAM TITLE</u>	FEDERAL CFDA NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
*Child and Adult Care Food Program (Head Start reimbursement)	10.558	\$169,507	\$155,987
*Child and Adult Care Food Program (Day Care Home Program)	10.558	155,999	149,319
Summer Food Service Program for Children (Summer Feeding Program)	10.559	57,613	57,088
Revolving Loan Fund	10.769	8,775	76
Passed through Louisiana Department of Agriculture and Forestry			
Food Distribution	10.550	50,833	50,833
Administrative Costs	10.550	11,583	11,583
Total U.S. Department of Agriculture		454,310	424,886
<u>U. S. Department of Housing and Urban Development</u>			
Housing Counseling Assistance Program	14.169	2,073	2,073
Passed through Louisiana Department of Social Services Office of Community Services			
Passed through the St. Mary Parish Council			
Emergency Shelter Grants Program	14.231	4,012	4,012
Total U. S. Department of Housing and Urban Development		6,085	6,085
<u>U.S. Department of Energy</u>			
Passed through Louisiana Department of Social Services Office of Community Affairs			
Weatherization Assistance for Low-Income Persons	81.042	16,278	11,258
Total U.S. Department of Energy		16,278	11,258

FEDERAL GRANTOR/ PASS-THROUGH GRANT NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>Federal Emergency Management Agency</u> Passed through the Louisiana Department of Military Affairs - Office of Emergency Preparedness Disaster Assistance	83.516	\$2,677	\$2,677
Total Federal Emergency Management Agency		<u>2,677</u>	<u>2,677</u>
<u>U.S. Department of Education</u> Passed through Louisiana Department of Education Office of School & Community Support Even Start Family Literacy Program	84.213	44,538	35,634
Total U.S. Department of Education		<u>44,538</u>	<u>35,634</u>
<u>U.S. Department of Health and Human Services</u> Administration for Children and Families *Head Start	93.600	1,855,000	1,801,535
Passed through Louisiana Department of Social Services Office of Community Services *Low income Home Energy Assistance	93.568	326,045	320,330
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	165,500	168,892
Passed through Louisiana Department of Social Services Office of Family Support *Summer Child Care	93.596	297,340	306,775
Total U.S. Department of Health and Human Services		<u>2,643,885</u>	<u>2,597,532</u>
Total Federal Financial Assistance		<u>\$3,167,773</u>	<u>\$3,078,072</u>

* denotes major program

The accompanying notes are an integral part of this schedule.

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
For the Year Ended March 31, 1999

NOTE 1 - REPORTING METHOD

Except for Head Start expenses, all revenues and expenses on this schedule are reported on the basis of generally accepted accounting principles.

NOTE 2 - HEAD START EXPENSES

Reconciliation of the expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal awards is as follows:

Total unrestricted expenses per financial statement	\$1,795,832
Add: Fixed asset additions	62,725
Amount drawn down and reserved for construction of Head Start Center	200,000
Less: Depreciation expense	(114,483)
Contributions	<u>(142,539)</u>
 Total expenses incurred per Schedule of Expenditures of Federal Awards	 <u>\$1,801,535</u>

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE



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

Board of Directors
St. Mary Community Action Committee Association, Inc.
Franklin, Louisiana

We have audited the financial statements of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of and for the year ended March 31, 1999, and have issued our report thereon dated July 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

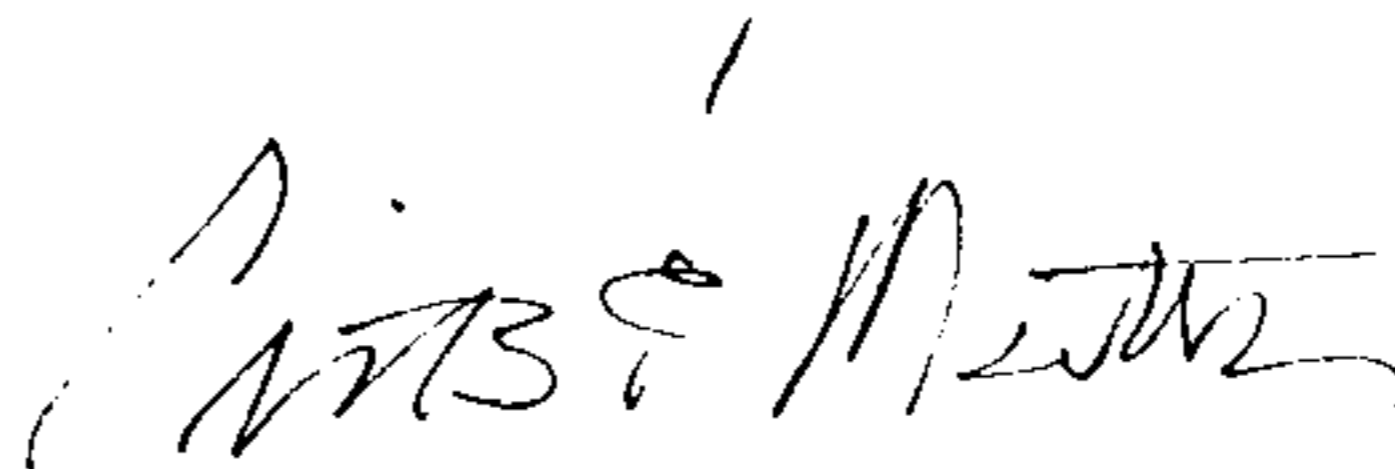
As part of obtaining reasonable assurance about whether the St. Mary Community Action Committee Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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. Mary Community Action Committee Association, 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 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 judgment, could adversely affect St. Mary Community Action Committee Association, 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 questions costs as item 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.* However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of management, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

July 30, 1999



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

Board of Directors
St. Mary Community Action Committee Association, Inc.
Franklin, Louisiana

Compliance

We have audited the compliance of the St. Mary Community Action Committee Association, 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 March 31, 1999. The St. Mary Community Action Committee Association, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the St. Mary Community Action Committee Association Inc.'s management. Our responsibility is to express an opinion on the St. Mary Community Action Committee Association, 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 St. Mary Community Action Committee Association, 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. Mary Community Action Committee Association, Inc.'s compliance with those requirements.

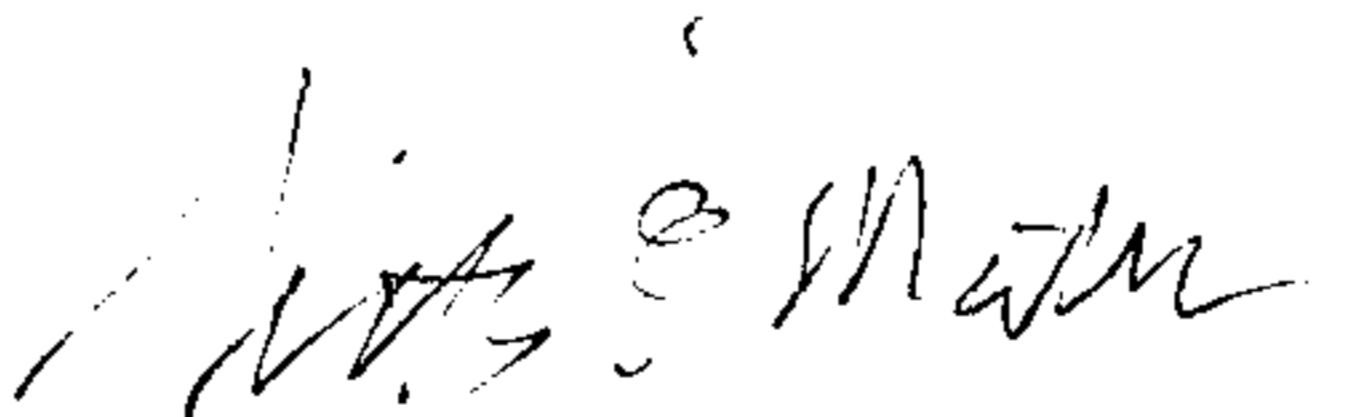
In our opinion, the St. Mary Community Action Committee Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended March 31, 1999. However, the results of our auditing procedures disclosed an immaterial item of noncompliance with those requirements, which we have chosen to report to management and which is described in the accompanying schedule of findings and questioned costs as item 99-2.

Internal Control Over Compliance

The management of St. Mary Community Action Committee Association, 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. Mary Community Action Committee Association, Inc.'s internal control over compliance with requirements that could have 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 material weaknesses. 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 the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

July 30, 1999

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
SCHEDULE OF FINDINGS, AND QUESTIONED COSTS
For the Year Ended March 31, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the St. Mary Community Action Committee Association, Inc.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. *This reportable condition is not a material weakness.*
3. No instances of noncompliance material to the financial statements of the St. Mary Community Action Committee Association, Inc. were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Community Action Committee Association, Inc. expresses an unqualified opinion. However, the auditors have chosen to report one instance of immaterial noncompliance to management.
6. No audit findings relative to the major federal award programs for the St. Mary Community Action Committee Association, Inc., are required to be reported in Part C of this Schedule. However, the auditors have chosen to report one instance of immaterial noncompliance to management.
7. The four programs tested as major programs are:
 - A. Head Start (CFDA No. 93.600)
 - B. Low-Income Home Energy Assistance Program (CFDA No. 93.568)
 - C. Summer Child Care (CFDA No. 93.596)
 - D. Child and Adult Care Food Program - Head Start Reimbursement (CFDA No. 10.558) and Child and Adult Care Food Program - Day Care Home Program (CFDA No. 10.558), which are part of a cluster
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Community Action Committee Association, Inc. was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION

ITEM NO. 99-1 Bank Reconciliation

Auditors' Comments

Condition: We noted during the course of audit testing that there was no bank reconciliation for a cash clearing checking account.

Cause: The Association does not reconcile the account.

Effect: There may be undetected or uncorrected differences in the actual bank balance and the amount as reported in the financial statements.

Criteria: An effective control system over cash should include the reconciliation of all bank statements.

Recommendation: We recommend that the cash clearing checking account be reconciled to the bank statement on a monthly basis.

Managements' Comments:

St. Mary CAA will reconcile all bank statements for the cash clearing account monthly to detect any differences and make the necessary adjustments. The reconciliation will be implemented as a part of the monthly accounting work.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT

1. Required disclosures - none
2. Instance of immaterial noncompliance that the auditors have chosen to report

ITEM OF NONCOMPLIANCE

Questioned
Costs

Item No. 99-2 Compliance with Reporting Requirements

Child and Adult Care Food Program - Headstart Reimbursement
(CFDA No. 10.558)

Condition: During our testing of compliance with reporting requirements, we had the following findings:

Population: The population tested consisted of the total meals served at all of the ten Head Start Centers, approximately 145,000 meals.

Sample: Two months were chosen at random. All attendance records and meal counts for all centers were tested.

Conclusion: Attendance records for the two months tested supported 25,680 meals. The daily reports recorded 25,551 meals served. The difference of 129 meals breaks down in the following way:

(147) meals under-reported

18 meals over-reported

(129) meals resulting in an approximate amount of
under-reimbursement

(\$129)

The errors detected all occurred at Peter Pan Head Start Center

Cause: The information submitted to the Central office by Peter Pan Head Start is not properly reconciled to the attendance records.

Effect: Non-compliance with grant reporting requirements.

Recommendation: The importance of accurate meal counts should be stressed to all Head Start personnel. Management should carefully monitor the reports being sent to them and verify their accuracy.

Managements' Comments: We have implemented the necessary controls to ensure that all meal counts are reconciled daily.

D. SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION,
INC.

Item of Noncompliance

Item No. 98-1 Bank Reconciliation

Condition: We noted during the course of audit testing that there was no bank reconciliations for a cash clearing account.

Corrective Action: We have been able to partially implement our bank reconciliation for the cash clearing account by reconciling the outstanding checks to the bank statement. Beginning the fall of 1999, we will begin a full blown bank reconciliation and incorporate with our cash clearing reconciliation with our monthly accounting work.



ST. MARY COMMUNITY ACTION

P. O. BOX 271 PHONE 318 - 828-5703 / 5705

FAX 318 - 828-5754

FRANKLIN, LOUISIANA 70538

Corrective Action Plan for St. Mary Community Action Agency, Inc.

ALMETRA J. FRANKLIN
EXECUTIVE DIRECTOR

Re: 99-1- Bank Reconciliation

Date: July 30, 1999

Report Period: April 1, 1997 – March 31, 1999

Audit Finding:

Our Auditor noted during the course of testing that there were no bank reconciliation for a cash clearing checking account.

Corrective Action:

Persons responsible: Eugene Foulcard, Finance Director
Almetra J. Franklin, Executive Director
Janet Brent, Assistant Finance Director

Time for Completion: Fall of 1999

Plan:

Ref. 99-1

We will now begin incorporating our cash clearing account reconciliation with our regular monthly accounting work.

Re: 99-2

Audit Finding:

Our Auditor noted during the course of audit testing the meal count and the attendance records are not properly reconciled at one of the Head Start centers.

Corrective Action:

Person responsible: Rosa Johnson, Nutritionist
Almeta Keys, Head Start Director
Almetra J. Franklin, Executive Director

Time for Completion: Fall of 1999

Plan:

Ref 99-2

We have implemented the necessary controls to ensure that all meal counts and attendance records are reconciled daily beginning with the 1999 school term.

Respectfully,

Almetra J. Franklin
Executive Director