FAITH HOUSE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

June 30, 1999

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Faith House, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Faith House, Inc. (Faith House) (a not-for-profit corporation) as of June 30, 1999, and the related statements of activities, cash flows, and functional expenses for the fiscal year then ended. These financial statements are the responsibility of Faith House'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 *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 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 Faith House as of June 30, 1999, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 1999, on our consideration of Faith House's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants.

Moore + Rolfes

Moore & Rolfes
Lafayette, Louisiana
September 28, 1999

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors
Faith House, Inc.
Lafayette, Louisiana

We have audited the financial statements of Faith House, Inc. (a not-for-profit corporation) as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated September 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Louisiana Governmental Audit Guide.

COMPLIANCE As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Faith House's 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 Faith House'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. 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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the U.S. Department of Housing and Urban Development, Emergency Shelter Grant Program, the Louisiana Legislative Auditor's office and the local Board of United Way and F.E.M.A. However, this report is a matter of public record, and its distribution is not limited.

Moore & Rolfes

Moore & Rolfes
Lafayette, Louisiana
September 28, 1999

FAITH HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 1999

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$ 333,343	
Accounts receivable - grants	139,791	
Unconditional promises to give - current (Note I)	-	
Prepaid expenses	4,432	
Total current assets		$ 477,566
PROPERTY AND EQUIPMENT (Notes A, F, G)		
Land	34,280	
Buildings and improvements	1,475,525	
Furniture, equipment & computers	199,959	
Vehicles	15,000	
Total property and equipment		1,724,764
Less: accumulated depreciation		(187,519)
Net property and equipment		1,537,245
OTHER ASSETS		
Deposits	55	
Unconditional promises to give - long term (Note I)	-	
Total other assets		55
TOTAL ASSETS		$ 2,014,866

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses (Note C)	$ 24,558	
Deferred revenue (Note A)	26,683	
Total current liabilities		$ 51,241
LONG-TERM LIABILITIES		
Mortgage notes payable - net of current portion (Notes F, G)	-0-	
Total long-term liabilities		-0-
Total liabilities		51,241
NET ASSETS (Note A)		
Unrestricted		
Operating fund	313,272	
Plant fund	1,537,245	
Total unrestricted	1,850,517	
Temporarily restricted	113,108	
Total net assets		1,963,625
TOTAL LIABILITIES AND NET ASSETS		$ 2,014,866

See accompanying notes to financial statements.

FAITH HOUSE, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Support and revenue: (Note A)			
Support:			
Individual and corporate donations	$ 68,945	$ -	$ 68,945
Other donations	-	(627)	(627)
Church & civic groups	51,855	-	51,855
Grants:			
Lafayette Cons. Govt.			
- CDBG (client advocate)	-	23,385	23,385
- ESG (regular, entitlement)	-	55,000	55,000
- City/Parish (children)	-	32,194	32,194
- Children's Program/LPSB	-	2,918	2,918
State of Louisiana			
- OWS	-	182,814	182,814
- IOLTA (LBF)	-	30,000	30,000
- CVA	-	87,385	87,385
G.P.O.A.(healthcare)	-	15,500	15,500
Abbeville outreach	-	750	750
United Way of Acadiana, St. Landry		104,246	104,246
F.E.M.A.	-	11,817	11,817
V.A.W.A.	-	18,749	18,749
Junior League (playground)	-	20,000	20,000
Acadiana Arts Council	-	2,425	2,425
Medical alliance	-	7,500	7,500
La. Children's Trust Fund	-	9,142	9,142
Ronald McDonald	-	17,400	17,400
Total support	120,800	620,598	741,398
In-kind donations (Note E)			
Food	82,416	-	82,416
Household	6,050	-	6,050
Total in-kind	88,466	-	88,466
Revenue and user fees:			
Investment income	10,734	9,794	20,528
Total revenue	10,734	9,794	20,528
Net assets released from restrictions (Note H)	1,665,090	(1,665,090)	-
Total support and revenue	$1,885,090	$(1,034,698)	$ 850,392

See accompanying notes to financial statements.

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services	$ 423,266	$ -	$ 423,266
Depreciation expense	36,832	-	36,832
In-kind expenses (Note E)	88,466	-	88,466
Total program services expenses	548,564	-	548,564
Supporting services:			
Management and general	115,572	-	115,572
Fundraising expenses	3,402	-	3,402
Depreciation expense	9,463	-	9,463
Total supporting services	128,437	-	128,437
Total expenses	677,001	-	677,001
Increase in net assets	1,208,089	(1,034,698)	173,391
Net assets, beginning of year	642,428	1,133,229	1,775,657
Prior period adjustment	-	14,577	14,577
Net assets, end of year	$1,850,517	$ 113,108	$1,963,625

See accompanying notes to financial statements.

FAITH HOUSE, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1999

Cash flows from operating activities:	
Increase in net assets	$ 173,391
Prior period adjustment	14,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,295
Decrease in pledges receivable	653,577
(Increase) in prepaid expenses	(993)
(Increase) in grants receivable	(36,499)
(Decrease) in accounts payable and accrued expenses	(85,797)
(Decrease) in deferred revenue	(19,879)
Net cash provided by operating activities	744,672
Cash flows from investing activities:	
Purchase of furniture & equipment	(113,349)
Purchase of building and improvements	(924,263)
Net cash used by investing activities	(1,037,612)
Cash flows from financing activities:	
Payments on long-term debt	(9,623)
Net cash used by financing activities	(9,623)
Net decrease in cash and cash equivalents	(302,563)
Cash & cash equivalents at beginning of year	635,906
Cash & cash equivalents at end of year	$ 333,343

See accompanying notes to financial statements.

FAITH HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1999

Expenses	Program Services	Supporting Services	Total Expenses
Advertising	$ 1,936	$ -	$ 1,936
Bank charges	500	25	525
Contract labor	19,290	2,815	22,105
Client expenses (food, medicine)	9,627	1,100	10,727
Contract services	3,386	-	3,386
Depreciation	36,832	9,463	46,295
Dues and subscriptions	100	856	956
Fund raising expenses	-	3,402	3,402
Insurance - group medical	22,696	4,803	27,499
Insurance - general	4,272	5,312	9,584
Interest expense	190	-	190
Janitorial	-	2,555	2,555
Legal and accounting	1,085	5,861	6,946
Library and videos	925	-	925
Maintenance and repairs	7,070	185	7,255
Miscellaneous	131	5,035	5,166
Office supplies	13,653	4,608	18,261
Payroll taxes	23,421	3,916	27,337
Postage	1,336	1,998	3,334
Printing	5,740	2,996	8,736
Rent - outreach/office	2,040	4,500	6,540
Salaries and wages	241,761	51,155	292,916
Special projects	1,197	1,651	2,848
Supplies and summer program	5,834	-	5,834
Telephone	5,402	8,066	13,468
Training	2,678	2,859	5,537
Trash disposal	2,627	498	3,125
Travel	4,291	3,036	7,327
Utilities	16,794	1,742	18,536
Write-offs of uncollectible pledges	25,284	-	25,284
Total expenses	$ 460,098	$128,437	$ 588,535

See accompanying notes to financial statements.

FAITH HOUSE, INC.

Notes to Financial Statements

For the Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Faith House, Inc. (Faith House) is presented to assist in understanding Faith House's financial statements.

Nature of Activities

Faith House was established in 1980 and incorporated as a Louisiana non-profit corporation on November 20, 1980, for the purpose of providing food and shelter to women and children in need, as well as crisis counseling, information and referral, support groups and after care to victims of domestic violence, and community education about family violence.

Basis of Accounting

Faith House's books and records are routinely maintained on the cash basis of accounting and converted to the accrual basis at year-end for financial reporting purposes. The financial statements presented herein have been prepared on the accrual basis.

Financial Statement Presentation

Effective for fiscal year ended August 31, 1996, Faith House began the application of the accounting standard as prescribed by SFAS 117, **Financial Statements of Not-for-Profit Organizations.** Under SFAS No. 117, Faith House is required to present a statement of cash flows. As permitted by this new statement, Faith House has altered its use of fund accounting (for reporting purposes) and has, accordingly, reclassified its financial statements to present the three classes of net assets required, and eliminated the "fund balance" terminology. Faith House has only unrestricted and temporarily restricted classes. This reclassification had no effect on the change in net assets for the year ended June 30, 1999.

Contributions - Change in Method of Accounting

Effective for fiscal year ended August 31, 1996, Faith House began the application of the accounting standard as prescribed by SFAS 116, **Accounting for Contributions Received and Contributions Made.** In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any

Continued

donor restrictions. Under SFAS 116, contributions other than "exchange contract" revenue are now required to be reported as unrestricted or temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or expenditure of the funds. In effect, the recognition of this as support occurs at the receipt of the award, regardless of when the money is spent, unless it is in the nature of an "exchange contract" for services rendered. For the year ended August 31, 1996, the cumulative effect of this change was $11,706, and zero for the year ended June 30, 1999.

Accounting for Restricted/Unrestricted Support

Faith House reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use or timing of the donated assets. 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 and reported in the statement of activities as net assets released from restrictions.

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

Property and Equipment and Depreciation

Faith House follows the practice of capitalizing (at cost) all major expenditures for property and equipment; the fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support as described above. Depreciation of furniture, equipment and buildings is computed using the straight-line method over useful lives of five to thirty-nine years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

Cash Equivalents

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

Vacation and Sick Leave

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation must be taken in the year accrued and can not be carried over. Sick leave is accumulated by employees at a rate dependent on years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of June 30, 1999.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Other Matters

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

As a not-for-profit organization, Faith House pays no state or federal income tax as a 501(c) (3) organization.

NOTE B - CONTRIBUTED SERVICES

Effective for the fiscal year ended August 31, 1996, Faith House began the application of the accounting standard as prescribed by SFAS 116 and 117. Accordingly, contributed services of volunteers shall only be recognized in the statement of activities if the services received: a) create or enhance nonfinancial assets (land, buildings, etc.) or b) require specialized skills, are provided by individuals possessing those

Continued

skills, and would typically need to be purchased if not provided by donations. Faith House received a significant amount of donated services from unpaid volunteers. Such services include volunteer hours contributed at the shelter, at the administrative offices, or the Board of Directors, etc. Although such donated services do not meet the aforementioned criteria for recognition in the financial statements, they provide a significant impact on the success of the Organization's programs.

Donated facilities are considered contributed assets and not services, and, when material, are recognized in the statement of activities at the fair market value as both revenue and expense in the period it is received and used.

NOTE C - ACCRUED EXPENSES / ACCOUNTS PAYABLE

Accrued expenses consists of accrued payroll and payroll taxes of $14,537 and accounts payable to vendors of $10,021.

NOTE D - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The statement of functional expenses gives a more detailed breakdown of the various expense categories for both program and supporting services by their natural accounting categories.

NOTE E - DONATED MATERIALS AND SERVICES - IN-KIND DONATIONS

Donated materials and services received by Faith House comprise a portion of total receipts. These donated materials and services are then used by Faith House in rendering services provided to recipients. In some circumstances, it is appropriate to value such donations received and used, and reflect the receipt and use of donated services and the receipt and use of donated materials in the financial statements. *See changes required by* SFAS 116 in Footnote B for donated services.

Donated materials and services are reflected as contributions and services provided in the accompanying statements at their estimated values, when the criteria of SFAS 116 are met. In the current year, there were no donations of long-lived assets, and no donated services met the criteria of SFAS 116. See Note B for unrecognized contributed services.

Continued

NOTE F - DEBT SERVICE REQUIREMENTS - MORTGAGE PAYABLE

The following maturities, excluding interest, are due over the next five fiscal years on long-term debt:

		Shelter Building Mortgage
Year ended June 30,	2000	$ -
	2001	-
	2002	-
	2003	-
	2004	-
2005 and thereafter		-
		$ -

NOTE G - MORTGAGE NOTES PAYABLE

Shelter Building

Faith House purchased the shelter building in 1986, and the seller owner-financed the land and building. The original mortgage balance was $80,000. Monthly payments of $772 are paid to the mortgagor, including interest at 10%. Cumulative principal payments of $80,000 have reduced the balance to $-0- as of June 30, 1999.

NOTE H - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors/grantors. Total amount released from restrictions during the year was $1,665,090.

NOTE I - PROMISES TO GIVE

Unconditional promises to give consists of the following:

	Amounts due in less than one year	Amounts due in more than one year	Total
Unrestricted promises	$ -	$ -	$ -
Restricted to construction of the new shelter	-	-	-

CONTINUED

Less: Discounts to present value	-	-	-
	-	-	-
Less: allowance for uncollectible pledges	-	-	-
Net promises to give	$ -	-	-

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

NOTE J - IOLTA GRANT AND OTHER TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets:

Cash	$ -
Grant receivables	139,791*
Promises to give	$ -
Less: deferred revenues	(26,683)
	$ 113,108

*IOLTA portion of this is $15,000.

NOTE K - CONCENTRATION OF CREDIT RISK

The organization maintains its cash balances in one financial institution located in Lafayette, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to $100,000. At June 30, 1999, the organization's uninsured cash balances total $231,343.

NOTE L SUBSEQUENT EVENTS

The 1999-2000 grants awarded by Lafayette Consolidated Government for ESG and ESG Entitlement have been reduced to $12,000 and $4,875, respectively. This is a decrease of $38,125 from the year ended June 30, 1999, or about a 70% decrease in ESG funding.

Concluded

FAITH HOUSE, INC.

MANAGEMENT LETTER

JUNE 30, 1999

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September 28, 1999

To The Board of Directors
Faith House, Inc.
Lafayette, Louisiana

In planning and performing our audit of the financial statements of Faith House, Inc. for the year ended June 30, 1999, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Organization's internal control in our report dated September 28, 1999.) This letter does not affect our report dated September 28, 1999, on the financial statements of Faith House, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Petty Cash

The Organization does not utilize an imprest system for petty cash disbursements. Under such a system the petty cash fund remains at a static amount and is reimbursed when necessary. When reimbursed, the proper accounting entry is made to reflect the nature of the various expenses. We recommend that the Organization implement such a system. Additionally, proper internal controls dictate that petty cash disbursements are normally limited to small incidental emergency-type purchases. Many of the petty cash disbursements are made for clients for groceries, transportation, etc. The Organization may find it helpful to try to open "charge" accounts with some of the vendors paid from petty cash. By establishing such accounts, the Organization could then pay the vendor with all other creditors when bills are paid and thus substantially reduce the number of petty cash transactions.

Bank Accounts

Bank reconciliations were not prepared as of the last day of each month, but prepared as of the date when the bank statements were received. Since the Organization tracks its operating activity by month, the bank reconciliations should be prepared as of the last day of each month. Additionally, while testing the bank reconciliations for the operating account, we noted that a check for $3,800 listed as outstanding was originally dated in April, 1999, and was outstanding for over sixty days. Upon further investigation, we determined that this check had been voided and thus, should be restored to the bank account. So that the bank account is reported accurately, all checks outstanding for over sixty days should be investigated as to their status and if warranted journal entries prepared to restore them to the bank account.

Coding to General Ledger Accounts

During our audit, we noted several instances of disbursements being coded incorrectly and/or inconsistently, resulting in a misclassification of an expense. The Organization should develop a manual or set of instructions to guide accounting personnel in coding of disbursements.

Payroll Taxes

During our audit, we noted that the Organization incurred approximately $215 of payroll tax penalties. These penalties were incurred for late deposits or miscalculations of payroll tax deposits. Although $215 is a relatively minor amount, the Organization should be familiar with all payroll tax deposit requirements in order to avoid this situation occurring in the future.

Documentation

During our examination, we noted that on several occasions files that we requested to see were either missing or difficult to locate. Upon further investigation and inquiry, it appears that volunteer workers doing filing may have misplaced some files. We recommend that all volunteers be thoroughly trained and supervised when doing work for the Organization. Additionally, the Organization might consider whether volunteers should be responsible for the filing of accounting records.

Adequacy of Insurance Coverage

During our analysis of the Organization's insurance policies, we noted that the amount of coverage for contents of the new shelter/office is only $69,500. Based on our physical observation of the furniture, fixtures, equipment, etc., it appears that the insurance coverage may not be adequate for the contents of the building. We recommend that management meet with their insurance agent to determine if the amount of coverage is adequate.

Credit Card Charges

During our audit we noted that the previous Executive Director had applied for and received an American Express charge card and used the card to charge meals, entertainment, etc. without proper authorization from the Board. Although the amount charged and later paid by the Organization was a relatively small dollar amount, the charges were nonetheless unauthorized. We recommend that the Board inform any new Executive Director what he/she is authorized to do in the scope of his/her duties. The Executive Director's job description should be in writing and signed as accepted by the person occupying that position.

Grant Deadlines

During our examination, we noted that a grant application deadline was missed for the CDBG grant for the forthcoming year. This resulted in the Organization not being eligible for these funds for the 1999-2000 period. The reason given for the missed deadline was an oversight by the previous Executive Director. We recommend that the Organization adopt policies and procedures, e.g. a tickler file, to assure that such an oversight does not occur in the future.

Contract Labor

During our audit, it came to our attention that several workers working part-time in the shelter facility were paid as contract laborers and not employees. Based on the workers duties, hours, regular status and several other factors, in our opinion those workers should more properly be classified as employees and the appropriate payroll taxes be withheld and paid on these employees. Prior to completing our audit, we were informed that the workers classification had been changed to employees and the proper taxes were being withheld and paid.

Food Donations

During our audit, we noted that donations of food and other in-kind donations were not being posted to the accounting books and records as support and expenditures, most recently, the "Shelter Shower" donations of linens, room furnishings, etc. Although some records are being maintained for these donations, the donations should be valued at a dollar amount and posted to the accounting records so that the support and corresponding expense are reflected in the financial statements of the Organization. We recommend that the Organization implement a system to record, value and post such donations to the books. Additionally, we recommend that the Organization periodically, at least quarterly, "take inventory" of food on hand.

The Year 2000 Issue

Computer software and hardware not Year 2000 compliant can cause inaccurate reports to be generated and other incorrect results in the accounting system. We recommend that all hardware and software systems be reviewed and tested for Year 2000 compliance. If the Organization fails to take timely and appropriate action, it may experience costly and significant computer program failures. Such failures could prevent the Organization from performing its routine processing activities.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank the Executive Director, Office Manager, Board President and all other employees who assisted us for their support during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Moore & Rolfes

Moore & Rolfes, CPAs
Lafayette, Louisiana

FAITH
HOUSE

crisis shelter for women & children

December 20, 1999

Moore & Rolfes
P.O. Box 51901
Lafayette, LA 70505-1901

Dear Mr. Moore,

In response to the recommendations of your management letter, the following is Faith House's corrective Action Plan:

<u>Petty Cash</u>

Faith House has opened charge accounts with various vendors such as bus stations, cab companies and supermarkets. This will eliminate a large portion of petty cash. Crystal Isidore, Office Manager, has implemented a system for the petty cash fund by reimbursing the fund and charging the expenses to the proper accounts for the exact amounts.

<u>Bank Accounts</u>

Bank reconciliations are prepared as of the last day of each month. Outstanding checks over sixty days will be investigated and determined whether to restore them back to the bank account.

P.O. Box 93145
Lafayette, LA 70509
[illegible]
Phone 318 267 9422
Fax 318-232-2770

Coding To General Ledger Accounts

Bobbie Hollier, Administrative Assistant, prepares grant spreadsheets documenting each grant and it is being used to minimize incorrect or inconsistent coding of disbursements.

Payroll Taxes

Payroll Taxes are being deposited on the date due in order to avoid penalties.

Documentation

Individuals filing will be thoroughly trained and supervised by Crystal Isidore, Office Manager, when doing work for the organization so that files will be in order and manageable.

Adequacy of Insurance Coverage

Insurance coverage was adjusted to adequately cover the contents of the building.

Credit Card Charges

The Board President, Dr. Edye Mayers, will inform any new Executive Director what he/she is authorized to do in the scope of his/her duties to avoid this situation. The credit card was destroyed on July 27, 1999.

Grant Deadlines

Spreadsheets have been made to inform employees of the grant funding cycles. Mary Lou Woods, Executive Director, will ensure that grant deadlines will be met in the future.

Contract Labor

As of September 23, 1999, all workers are classified as employees and the appropriate payroll taxes are being withheld and paid on these employees.

Food Donations

Bill Blanchet, Treasurer, is discussing ways of tracking donations and will implement the policy in the 2000 budget.

The Year 2000 Issue

Faith House has taken all measures to ensure compliance with Year 2000 but unfortunately some unknown problems could occur.

Organizational Structure

The Board of Directors are involved in the financial affairs of the organization.

If you need any additional information, please call me at (318) 267-9422.

Sincerely,

Mary Lou Woods

Mary Lou Woods
Executive Director