

In planning and performing my audit of the financial statements of Pointe Coupee Community Advancement, Inc. for the year ended March 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are described in the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the a matter involving the internal control structure and its operation that I consider to be a material weakness as defined above. The material weakness noted is described in the accompanying Schedule of Reportable Conditions.

I also noted other matters involving the internal control structure and its operation that I have communicated to the management of Pointe Coupee Community Advancement, Inc. in a separate letter dated September 23, 1996.

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



W. Kathleen Beard
Certified Public Accountant
September 23, 1996

properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting controls -

Cash receipts/disbursements

General requirements -

Political activity

Davis-Bacon Act

Civil Rights

Cash management

Federal financial reports

Allowable cost/cost principles

Drug-free Workplace Act

Administrative requirements

Specific requirements -

Types of services allowed or unallowed

Eligibility

Matching, level of effort, and earmarking

Special tests and provisions

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and I assessed control risk.

During the year ended March 31, 1996, Pointe Coupee Community Advancement, Inc. expended 81 % of its total federal awards under major programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Agency's major programs which are identified in the accompanying Schedule of Federal Awards. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. (a nonprofit organization) for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117.

I have conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Pointe Coupee Community Advancement, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss for unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

POINTE COUPEE COMMUNITY ADVANCEMENT, INC.
NEW ROADS, LOUISIANA
ANNUAL FINANCIAL REPORT
MARCH 31, 1996

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POINTE COUPEE COMMUNITY ADVANCEMENT, INC.
NEW ROADS, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
MARCH 31, 1996

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have communicated to the management of Pointe Coupee Community Advancement, Inc. in a separate letter dated September 23, 1996.

This report is intended for the information of the board of directors and management of Pointe Coupee Community Advancement, Inc. and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "W. Kathleen Beard". The signature is written in black ink and is positioned above the typed name.

W. Kathleen Beard
Certified Public Accountant
September 23, 1996

Pointe Coupee Community Advancement, Inc.
 Combining Schedule of Activity and Changes in Fund Balance -
 Current Restricted Funds
 Year ended March 31, 1996

PUBLIC SUPPORT AND REVENUE

	Head Start	Child and Adult Food School Lunches	Home Energy Assistance	Child and Adult Food Family Day Care	Temporary Emergency Food Program	Community Services Block Grant	State Appropriation	Emergency Food and Shelter	Totals
Public Support:									
Grants	\$634,925	\$0	\$49,353	\$274,265	\$5,100	\$78,879	\$0	\$6,608	\$1,049,131
Reimbursements	0	51,408	0	0	0	0	0	0	51,408
Commodities	0	0	0	0	15,683	0	0	0	15,683
Grantee contribution	164,754	0	0	0	0	0	0	0	164,754
Unobligated fund balance reprogrammed	2,008	0	0	0	0	0	0	0	2,008
Total Public Support	801,686	51,408	49,353	274,265	20,783	78,879	0	6,608	1,282,983
Revenue:									
Interest income	187	0	0	0	0	0	0	0	187
Total Revenue	187	0	0	0	0	0	0	0	187
Total Public Support and Revenue	801,873	51,408	49,353	274,265	20,783	78,879	0	6,608	1,283,170

(Continued)

CURRENT RESTRICTED FUNDS

Current restricted funds are used to account for all funds currently available for uses, but expendable only for operating purposes specified by the grantor. Restricted funds of the Agency are as follows:

- Head Start
- Child and Adult Food Program - School Lunch Program
- Home Energy Assistance
- Child and Adult Food Program - Family Day Care Homes
- Temporary Emergency Food Program
- Community Services Block Grant
- State Appropriations
- Emergency Food and Shelter

OTHER REPORTABLE CONDITIONS - CURRENT YEAR (Continued)

3. Payroll

Condition and Criteria: Noted one instance of an unapproved, unauthorized salary increase in Head Start for a member of the administrative staff. A cost of living increase was received after the second month of the program year by Head Start program staff only.

Effect: Over expenditure of approved budget.

Cause: Ineffective procedures to control modification of existing information contained in computer data files which generate Head Start payroll checks, resulting possibility of errors to occur and not be detected on a timely basis.

Recommendation: At the beginning of each program year, individual employee salaries should be recalculated based upon the new approved budget, reviewed by a responsible official and approval should be documented in writing. The same procedure should be used for any subsequent modifications resulting from addition of new employees, cost of living increases, etc.

Response: We concur with the finding. Existing procedures in force during the year, will be reviewed and steps will be taken to improve operating effectiveness of these procedures and evaluate the need for additional procedures to ensure that all changes to computer data is reviewed by a responsible official and approvals documented in writing.

OTHER REPORTABLE CONDITIONS - PRIOR YEAR

Segregation of Duties - The Fiscal Manager, who maintains accounting records, performs bank reconciliations and sometimes acts as responsible official who approves invoices for payment, also signs checks along with the Executive Director. It was recommended that he no longer sign. The Agency designated the Board President as the second check signer. Unfortunately, the Board President encountered health problems during the year and was not always available to sign checks, therefore, the Fiscal Manager had to sign. This is not expected to change.

Recommendation: The recommendations of the current year reportable conditions relating to cash disbursements should improve management oversight in this area and overcome this weakness in internal control.

Response: Segregation of duties will be maintained under the recommended procedures for invoice review and approval.

OTHER REPORTABLE CONDITIONS - CURRENT YEAR (Continued)

2. Internal Control of Cash Accounts

Condition and Criteria: Transactions occurring in Head Start bank accounts from prior program years were not recorded and accounts were not reconciled on a timely basis. Inappropriate service charges are not detected and corrected timely. Transactions, interest earned and service charges, are relevant and should be recorded in the books and included in federal financial reports used by the Payment Management System as the basis for determination of cash accountability and cash availability.

Cause: Prior year program bank accounts are assumed to have no activity, consequently bank statements are not opened. Delays in closing out programs.

Effect: Incomplete and inaccurate information results in inaccurate reporting of disbursements, interest income and beginning and ending cash on hand on the Federal Cash Transactions Report - Status of Federal Cash - PMS 272. Also, service charges deducted in error by the bank are not reported to, and corrected by the bank on a timely basis.

Recommendation: Contact Head Start Program Specialist to determine earliest date that these accounts may closed and funds reprogrammed into current program. Meanwhile, these accounts must be reconciled each month and any transactions occurring must be recorded in the accounting records and reported in applicable reports. Appropriate bank personnel should be notified of any unauthorized charges.

Response: We concur with the finding. We have improved the flow of financial information to facilitate earlier program close out and filing of our final financial reports. We have also established procedures to reconcile "inactive" program accounts and record transactions for more accurate reporting.

Condition and Criteria: I noted eleven blank checks (one from Temporary Emergency Food Program, ten from Family Day Care Homes) that were signed by the Executive Director. One of the elementary requirements of any internal control system is that checks should never signed without being dated, made paid to the order of a payee, and made payable for a certain amount. Management resolved to improve controls related to checkbooks and imprinting machine after having an incident of employee theft as reported in the prior year.

Effect: Unauthorized personnel could be tempted to complete the check. Also, the executive director has, in effect, allowed expenditure of funds without his review and approval.

Cause: To expedite expenditure of funds in the Executive Director's absence.

Recommendation: This practice should not continue. The Executive Director is present in the office from 8:00 to 3:00, any need for expenditure of funds outside those hours can wait until the next day.

Response: We concur with the finding. This practice will be discontinued.

MATERIAL INTERNAL CONTROL WEAKNESSES - CURRENT YEAR

1. Claim for Reimbursement Denied

Condition and Criteria: The February 1996 Child and Adult Care Food Program Claim for Reimbursement was filed after the 60 day deadline, after having already received one one-time exception. Consequently, a reimbursement of that month's services was denied. A Claim for Reimbursement is considered delinquent if not received by the Department of Education within 60 days following the month services are rendered. A sponsor is eligible for one one-time exception in a three year period.

Effect: The Agency lost \$6,769.51.

Cause: Delays in receiving information from the Pointe Coupee Parish Public School System to prepare the claims and instances of information received being inaccurate when compared to Head Start teacher attendance rolls.

Recommendation: Head Start personnel have established a deadline for submission of meal count reports by public school personnel and also procedures to improve accuracy of data reported. In addition to these procedures, I recommend that in instances where differences are very insignificant and the deadline is near, use public school data rather than risk filing late and losing a month's reimbursement.

Response: We concur with the findings. We will closely monitor effectiveness of procedures already implemented and will concede insignificant adjustments rather jeopardize thousands in reimbursements.

OTHER REPORTABLE CONDITION - CURRENT YEAR

1. Cash Disbursements

Condition and Criteria: While testing Head Start disbursements, I noted that supporting invoices (or other support) did not always indicate approval for payment by a responsible officer. The payroll clerk informed me that she reviews all supporting documentation prior to preparing checks but does not insist upon approval of invoices. Internal control procedures should include written approval by a responsible official.

Effect: Invoices may be submitted and paid without knowledge or approval of responsible official, resulting in payment of inappropriate amounts, or for materials or services already paid for or not received, etc.

Cause: Head Start invoices received in mail are not reviewed and approved by responsible official before submission to payroll clerk for preparation of checks. Also supporting documentation does not accompany checks when submitted to Executive Director and Fiscal Manager or Board President for signing.

Recommendation: All disbursements should be supported by invoice (or other support) with written approval by responsible official. All supporting documentation (invoices, purchase orders, request for supplies, etc.) should accompany checks when presented for signing. A rubber stamp may be used for making an imprint that provides space for various approvals. Supporting documentation should be returned to payroll clerk for filing.

Response: We concur and will implement procedure that provides for approval by Executive Director and review by Head Start Director prior to submission of invoice for payment. All supporting documentation will accompany checks presented for signature and will include written approvals.

Pointe Coupee Community Advancement, Inc.
Schedule of Findings and Questioned Cost
Year ended March 31, 1996

Program	Finding/Noncompliance	Questioned Cost
	There were no current year material noncompliance findings. Prior year material noncompliance finds were resolved.	

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR PROGRAM TRANSACTIONS

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. (a nonprofit organization) as of and for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117.

In connection with my audit of the financial statements of Pointe Coupee Community Advancement, Inc. and with my consideration of the Agency's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," I selected certain transactions applicable to certain nonmajor federal programs for the year ended March 31, 1996. As required by OMB Circular A-133, I performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed, and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Pointe Coupee Community Advancement, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Pointe Coupee Community Advancement, Inc. had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements which are described in a separate letter to the management of Pointe Coupee Community Advancement, Inc. dated .

This report is intended for the board of directors and management of Pointe Coupee Community Advancement, Inc. and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



W. Kathleen Beard
Certified Public Accountant
September 23, 1996

Pointe Coupee Community Advancement, Inc.
 Combining Schedule of Activity and Changes in Fund Balance -
 Current Restricted Funds
 Year ended March 31, 1996

EXPENSES

	Head Start	Child and Adult Food School Lunches	Home Energy Assistance	Child and Adult Food Family Day Care	Temporary Emergency Food Program	Community Services Block Grant	State Appropriation	Emergency Food and Shelter	Totals
Program Services:									
Salaries	312,987	0	1,635	28,034	0	0	0	0	342,656
Fringe benefits	51,217	0	190	10,439	0	0	0	0	61,846
Travel - Out of town	1,239	0	0	0	0	0	0	0	1,239
Supplies	21,484	0	366	680	637	0	0	0	23,166
Other -									
Rent	8,598	0	75	0	0	0	0	0	8,673
Utilities	3,078	0	0	0	0	0	0	0	3,078
Telephone	7,757	0	472	0	0	0	0	0	8,230
Building insurance	5,099	0	0	0	0	0	0	0	5,099
Child liability insurance	499	0	0	0	0	0	0	0	499
Maintenance & repair	1,355	0	225	0	0	0	0	0	1,580
Center license fees	587	0	0	0	0	0	0	0	587
CPR Training	680	0	0	0	0	0	0	0	680
Vehicle insurance	19,668	0	0	0	0	0	0	0	19,668
Vehicle operating expense	11,530	0	0	0	0	0	0	0	11,530
Field trips	1,360	0	0	0	0	0	0	0	1,360
Church bus	4,825	0	0	0	0	0	0	0	4,825
Travel - local	911	1,361	42	3,728	128	0	0	0	6,171
Travel - parents	381	0	0	0	0	0	0	0	381
Food	3,410	66,743	0	0	0	0	0	0	70,154
Consultants - nutrition	3,225	0	0	0	0	0	0	0	3,225
Medical & dental exams	9,844	0	0	0	0	0	0	0	9,844
Consultants - mental health	838	0	0	0	0	0	0	0	838
Staff & parent fingerprinting, testing	72	0	0	0	0	0	0	0	72
Bank charges	148	0	0	0	0	0	0	0	148
Miscellaneous	4,418	558	0	212	422	0	0	0	5,610
Training & technical assistance -									
CDA	400	0	0	0	0	0	0	0	400
Travel & registration	7,574	0	0	0	0	0	0	0	7,574
Tuition	1,836	0	0	0	0	0	0	0	1,836
Other	456	0	0	0	0	0	0	0	456
Supplies	160	0	0	0	0	0	0	0	160
Distribution stipend	0	0	0	0	395	0	0	0	395
Community food & nutrition services	0	0	0	0	0	3,708	0	0	3,708
Energy assistance	0	0	45,910	0	0	0	0	0	45,910
Food reimbursements	0	0	0	208,180	0	0	0	0	208,180
Food purchased for distribution	0	0	0	0	0	0	0	0	0
Commodities distributed	0	0	0	0	0	0	0	0	0
Grantee share -	0	0	0	0	15,683	0	0	0	15,683
Salaries	105,483	0	0	0	0	0	0	0	105,483
Rent	59,271	0	0	0	0	0	0	0	59,271
Grant funds returned to grantor	0	0	0	1,883	0	0	0	0	1,883
Total Program Services	650,391	68,663	48,915	253,156	17,265	3,708	0	0	1,042,097

(Continued)

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR PROGRAMS**

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. (a nonprofit organization) as of and for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117.

I have also audited Pointe Coupee Community Advancement, Inc.'s compliance with the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; state licensing requirements; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended March 31, 1996. The management of Pointe Coupee Community Advancement, Inc. is responsible for the Agency's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirement based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph, that I have communicated to the management of Pointe Coupee Community Advancement, Inc., in a separate letter dated September 23, 1996.

Pointe Coupee Community Advancement, Inc.
 Combining Balance Sheet
 March 31, 1996

	Head Start	Child and Adult Food School Lunches	Home Energy Assistance	Child and Adult Food Family Day Care	Temporary Emergency Food Program	Community Services Block Grant	State Appropriation	Emergency Food and Shelter	Totals
Cash	\$30,456	\$1,501	\$170	\$4,054	\$4,263	\$88	\$41	\$6,912	\$47,485
Grant funds receivable	0	17,221	0	18,990	0	3,011	0	0	39,222
Due from other funds	0	6,726	0	0	0	0	0	0	6,726
Prepaid insurance	22,960	0	0	1,153	0	1,048	0	0	25,161
TOTAL ASSETS (ALL CURRENT)	\$53,416	\$25,449	\$170	\$24,197	\$4,263	\$4,147	\$41	\$6,912	\$118,595

LIABILITIES AND FUND BALANCE

LIABILITIES:	\$19,721	\$25,473	\$0	\$0	\$0	\$962	\$0	\$0	\$46,157
Accounts payable	0	0	0	15,983	0	0	0	0	15,983
Accounts payable - providers	9,487	0	0	846	0	893	0	0	11,226
Accrued liabilities -	0	0	0	528	0	0	0	0	528
Payroll taxes	100	0	0	6,778	0	0	0	0	6,878
Salaries	0	0	0	0	0	0	0	0	0
Due to other funds	0	0	0	2,500	0	0	0	0	2,500
Due to grantor - Iberville Office of Community Services	0	0	0	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES (ALL CURRENT)	29,308	25,473	0	26,636	0	1,854	0	0	83,271
FUND BALANCE	24,108	(25)	170	(2,439)	4,263	2,293	41	6,912	35,324
Restricted	\$53,416	\$25,449	\$170	\$24,197	\$4,263	\$4,147	\$41	\$6,912	\$118,595
TOTAL LIABILITIES AND FUND BALANCE	\$53,416	\$25,449	\$170	\$24,197	\$4,263	\$4,147	\$41	\$6,912	\$118,595

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL AWARD PROGRAMS**

To the Board of Directors of
Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. as of and for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117.

I have applied procedures to test Pointe Coupee Community Advancement Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the Schedule of Federal Awards, for the year ended March 31, 1996:

- Political activity
- Davis-Bacon Act
- Civil Rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of Institutions of Higher Learning and Other Nonprofit Institutions" and testing of expenditures for compliance with the requirements listed above. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Pointe Coupee Community Advancement Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Pointe Coupee Community Advancement, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, that I

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. (a nonprofit organization) as of and for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Pointe Coupee Community Advancement, Inc. is the responsibility of Pointe Coupee Community Advancement, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Pointe Coupee Community Advancement, Inc.'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provision. Accordingly, I do not express such an opinion.

The results of my tests disclosed immaterial instances of noncompliance with the above requirements, which I have communicated to the management of Pointe Coupee Community Advancement, Inc. in a separate letter dated September 23, 1996.

This report is intended for the information of the board of directors and management of Pointe Coupee Community Advancement, Inc. and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



W. Kathleen Beard
Certified Public Accountant
September 23, 1996

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Agency's ability to administer federal awards programs in accordance with applicable laws and regulations. The reportable conditions noted are described in the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted certain matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These material weakness noted are described in the accompanying Schedule of Reportable Conditions. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in my audit of the compliance of Pointe Coupee Community Advancement, Inc. with requirements applicable to its major federal award programs for the year ending March 31, 1996, and this report does not affect my report thereon dated September 23, 1996.

I noted certain matters involving the internal control structure and its operation that I have reported to the management of Pointe Coupee Community Advancement, Inc. in a separate letter dated September 23, 1996.

This report is intended for the information of the board of directors and management of Pointe Coupee Community Advancement, Inc. and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



W. Kathleen Beard
Certified Public Accountant
September 23, 1996

W. Kathleen Beard
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Society of Louisiana CPAs

**SINGLE AUDIT REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL AWARDS**

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc. (a nonprofit organization) as of and for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117. I have also audited the Agency's compliance with requirements applicable to major federal programs and have issued my report thereon dated September 23, 1996.

I conducted my audits in accordance with generally accepted auditing standards; *Government auditing standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Agency complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing my audits for the year ended March 31, 1996, I considered Pointe Coupee Community Advancement, Inc.'s internal control structure in order to determine my auditing procedures for the purpose of expressing my opinions on Pointe Coupee Community Advancement, Inc.'s financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated September 23, 1996.

The management of Pointe Coupee Community Advancement, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded

Pointe Coupee Community Advancement, Inc.
 Balance Sheet - Unrestricted Fund
 March 31, 1996

Local
 Administration

ASSETS

Cash in bank	\$2,818
Due from other funds	152

TOTAL ASSETS (ALL CURRENT)	\$2,970
	=====

LIABILITIES AND FUND BALANCE

Liabilities -	
Accounts payable	\$43
Due to funding source	2,799

Total liabilities (all current)	2,842
Fund balance -	
Unreserved - undesignated	128

TOTAL LIABILITIES AND FUND BALANCE	\$2,970
	=====

CURRENT UNRESTRICTED FUNDS

The "Local Administration Fund" is the general operating fund of the Agency. It is used to account for all financial resources over which the Board of Directors has discretionary control and is used to carry out the operations of the Agency in accordance with its bylaws.

Pointe Coupee Community Advancement, Inc.
 Schedule of Activity and Changes in
 Fund Balance - Unrestricted Fund
 Year ended March 31, 1996

	Local Administration
<u>PUBLIC SUPPORT AND REVENUE</u>	
Public Support:	
Local contribution	\$7,500
Total Public Support	----- 7,500
Revenue:	
Miscellaneous	118
Total Public Support and Revenue	----- 7,618
 <u>EXPENSES</u>	
Management and General:	
Travel	1,156
Supplies	2,488
Other costs	3,588
Total Management and General	----- 7,232
Total Expenses	----- 7,232
Excess (Deficiency) Public Support and Revenue over Expenses	----- 386
 FUND BALANCE - BEGINNING	 (257)
FUND BALANCE - ENDING	----- \$128 =====

In my opinion, Pointe Coupee Community Advancement, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended March 31, 1996.

This report is intended for the information of the board of directors and management of Pointe Coupee Community Advancement, Inc. and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "W. Kathleen Beard". The signature is written in black ink and is positioned above the typed name.

W. Kathleen Beard
Certified Public Accountant
September 23, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are not provided for in the financial statements since the Agency is exempt from federal and state income taxes under section 501(c)(4) of the Internal Revenue Code and similar state provisions. The Agency is not classified as a private foundation.

Donated Services and Facilities

As required by grant regulations, Head Start Grantees must provide, in the form of cash or in-kind contributions, an amount equal to 20% of the cost of the program. The value of donated services and facilities included in the financial statements is reported as both a revenue and expense. The value of donated services is based on the minimum wage rate in effect at the time, the value of donated facilities is based on current market rates for the area, less rent paid.

Functional Expenses

Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

2. COLLATERALIZATION OF BANK ACCOUNTS

At March 31, 1996 the carrying amount of the Agency's deposits was \$50,303 and the bank balance was \$64,274. These deposits were fully covered by federal depository insurance.

3. GRANT FUNDS RECEIVABLE

At March 31, 1996 the Agency is due to receive funds as follows:

Louisiana Department of Education - Child & Adult Food Program:	
School Lunch Program	\$ 17,221
Family Day Care	18,990
Louisiana Department of Labor - CSBG	____3,011
 Total Grant Funds Receivable	 \$ 39,222 =====

of its operations for the year ended then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 23, 1996 on my consideration of Pointe Coupee Community Advancement, Inc.'s internal control structure and a report dated September 23, 1996 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements taken as a whole. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.

A handwritten signature in cursive script that reads "W. Kathleen Beard". The signature is written in black ink and has a long, sweeping underline that extends to the right.

W. Kathleen Beard
Certified Public Accountant
September 23, 1996

BASIC FINANCIAL STATEMENTS

Pointe Coupee Community Advancement, Inc.
 Balance Sheet
 March 31, 1996

	<u>Current Funds</u>		<u>Equipment</u>	<u>Long-term</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fund</u>	<u>Obligations</u>	<u>All Funds</u>
ASSETS					
Cash in bank	\$2,818	\$47,485	\$0	\$0	\$50,303
Grant funds receivable	0	39,222	0	0	39,222
Due from other funds	152	6,726	0	0	6,878
Prepaid insurance	0	25,161	0	0	25,161
Property and equipment, net	0	0	170,774	0	170,774
Amount to be provided for retirement of long-term obligation for accrued leave	0	0	0	8,306	8,306
TOTAL ASSETS	\$2,970	\$118,594	\$170,774	\$8,306	\$300,644
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$43	\$62,138	\$0	\$0	\$62,181
Accrued liabilities	0	11,754	0	0	11,754
Accrued employee annual leave	0	0	0	8,306	8,306
Due to other funds	0	6,878	0	0	6,878
Due to grantor	2,799	0	0	0	2,799
Deferred revenue	0	2,500	0	0	2,500
Total Liabilities (All current)	2,842	83,270	0	8,306	94,418
Fund Balance:					
Undesignated - available for general activities	128	0	0	0	128
Restricted	0	35,324	0	0	35,324
Investment in Fixed assets	0	0	170,774	0	170,774
Total Fund Balances	128	35,324	170,774	0	206,226
TOTAL LIABILITIES AND FUND BALANCES	\$2,970	\$118,594	\$170,774	\$8,306	\$300,644

The accompanying notes are an integral part of these statements.

Pointe Coupee Community Advancement, Inc.
Statement of Activity and Changes
in Fund Balances
Year ended March 31, 1996

	<u>Current Funds</u>		<u>Equipment</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fund</u>	<u>All Funds</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Public Support:				
Grants	\$0	\$1,049,131	\$0	\$1,049,131
Reimbursements	0	51,408	0	51,408
Commodities	0	15,683	0	15,683
Grantee contributions	0	164,754	0	164,754
Contributions from local government	7,500	0	0	7,500
Unobligated balance of federal funds reprogrammed	0	2,008	0	2,008
Total Public Support	7,500	1,282,984	0	1,290,484
Revenues:				
Interest income	0	187	0	187
Miscellaneous	118	0	0	118
Total Revenues	118	187	0	305
Total Public Support and Revenues	7,618	1,283,170	0	1,290,789
<u>EXPENSES</u>				
Program Services:				
Head Start	0	650,391	37,631	688,022
Child & Adult Food - School Lunch Program	0	68,663	0	68,663
Home Energy Assistance	0	48,915	0	48,915
Child & Adult Food - Family Day Care	0	253,156	0	253,156
The Emergency Food Program - Needy Family	0	17,265	0	17,265
Community Services Block Grant	0	3,708	0	3,708
Emergency Food and Shelter	0	0	0	0
Total Program Services	0	1,042,097	37,631	1,079,729
Management and General	7,232	190,558	10,679	208,469
Fund raising	0	0	0	0
Total Expenses	7,232	1,232,655	48,310	1,288,198
Excess (Deficiency) of Public Support and Revenue over Expenses	386	50,515	(48,310)	2,591
<u>OTHER CHANGES IN FUND BALANCES</u>				
Equipment acquisitions	0	(56,694)	56,694	0
Equipment retirements	0	0	(396)	(396)
FUND BALANCE - BEGINNING	(257)	43,510	161,605	204,858
Adjustments	0	(2,008)	1,181	(827)
Adjusted Fund Balance - Beginning	(257)	41,502	162,786	204,031
FUND BALANCE - ENDING	\$128	\$35,323	\$170,774	\$206,226

The accompanying notes are an integral part of these statements.

Pointe Coupee Community Advancement, Inc.
Statement of Functional Expenses
Year Ended March 31, 1996

	Total Program Services	Supporting Services			Total Expenses
		Management and General	Fund Raising	Total	
Salaries	\$342,656	\$134,665	\$0	\$134,665	\$477,321
Fringe benefits	61,846	32,110	0	32,110	93,956
Total Salaries and related expenses	404,502	166,775	0	166,775	571,277
Travel	1,239	2,443	0	2,443	3,682
Supplies	23,166	9,978	0	9,978	33,144
Contractual	0	7,000	0	7,000	7,000
Other -					
Rent	8,673	1,278	0	1,278	9,951
Utilities	3,078	1,151	0	1,151	4,229
Telephone	8,230	3,087	0	3,087	11,317
Building insurance	5,099	268	0	268	5,367
Child liability insurance	499	0	0	0	499
Maintenance & repair	1,580	71	0	71	1,651
Center license fees	587	0	0	0	587
CPR Training	680	0	0	0	680
Vehicle insurance	19,668	0	0	0	19,668
Vehicle operating expense	11,530	0	0	0	11,530
Field trips	1,360	0	0	0	1,360
Church bus	4,825	0	0	0	4,825
Travel - local	6,171	0	0	0	6,171
Travel - parents	381	0	0	0	381
Food	70,154	0	0	0	70,154
Consultants - general	0	2,013	0	2,013	2,013
Consultants - nutrition	3,225	0	0	0	3,225
Medical & dental exams	9,844	0	0	0	9,844
Consultants - mental health	838	0	0	0	838
Staff & parent fingerprinting, testing	72	0	0	0	72
Bank charges	148	0	0	0	148
Miscellaneous	5,610	3,727	0	3,727	9,337
Training & technical assistance -					
CDA	400	0	0	0	400
Travel & registration	7,574	0	0	0	7,574
Tuition	1,836	0	0	0	1,836
Other	456	0	0	0	456
Supplies	160	0	0	0	160
Distribution stipend	395	0	0	0	395
Community food & nutrition services	3,708	0	0	0	3,708
Energy assistance	45,910	0	0	0	45,910
Food reimbursements	208,180	0	0	0	208,180
Commodities distributed	15,683	0	0	0	15,683
Grantee share - salaries & rent	164,754	0	0	0	164,754
Grant funds returned to grantor	1,883	0	0	0	1,883
	1,042,098	197,790	0	197,791	1,239,889
Depreciation	37,631	10,679	0	10,679	48,310
Total Expenses	\$1,079,729	\$208,469	\$0	\$208,470	\$1,288,198

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs

Head Start - a federally funded program whose objectives are to provide comprehensive educational, nutritional, health and social services to economically disadvantaged preschool children and their families and to involve parents in activities with their children so that the children will attain overall social competence. Parents also participate in various decision making processes related to operation of the program.

Child & Adult Food - School Lunch Program and Family Day Care - This program provides financial reimbursement to the Head Start program for school lunches and to caretakers who provide free and reduced price meals to children of parents who work or are in school.

Home Energy Assistance - The objective of this program is to assist low-income persons in paying for energy and reduce the impact of rising energy costs on eligible participants.

Community Services Block Grant - This a federally-funded grant implemented to provide community-based programs that assist in ameliorating the causes and consequences of poverty.

Temporary Emergency Food Program - The Agency distributes food commodities donated by the federal government to those persons meeting certain income and other eligibility criteria.

State Appropriations - the State of Louisiana appropriated funds to assist the Agency in furthering its services to low-income individuals in Pointe Coupee Parish and West Feliciana Parish.

Emergency Food and Shelter Program - The objective of this program is to provide food to needy people on an emergency basis.

Depreciation

Property and equipment are recorded at historical cost and are being depreciated over estimated useful lives of 5 years for furniture and office equipment, 7 years for vehicles, and 10 years for renovations and temporary buildings, using the straight-line method of depreciation.

Deferred Revenue

Consists of advances for administrative expenses in the Adult and Child Food Program - Family Day Care.

Pointe Coupee Community Advancement, Inc.
 Combining Schedule of Activity and Changes in Fund Balance -
 Current Restricted Funds
 Year ended March 31, 1996

	Head Start	Child and Adult Food School Lunches	Home Energy Assistance	Child and Adult Food Family Day Care	Temporary Emergency Food Program	Community Services Block Grant	State Appropriation	Emergency Food and Shelter	Totals
Management and General :									
Salaries	\$64,753	\$0	\$1,800	\$17,140	\$0	\$50,972	\$0	\$0	134,665
Fringe benefits	10,490	0	138	5,337	0	16,145	0	0	32,110
Travel - local	48	0	0	0	0	0	0	0	48
Travel - out of town	1,239	0	0	0	0	0	0	0	1,239
Supplies	7,490	0	0	0	0	0	0	0	7,490
Contractual	5,000	0	0	0	0	2,000	0	0	7,000
General consultant	2,013	0	0	0	0	0	0	0	2,013
Telephone	2,586	0	0	0	0	501	0	0	3,087
Maintenance & repair	71	0	0	0	0	0	0	0	71
Building insurance	268	0	0	0	0	0	0	0	268
Utilities	162	0	0	0	0	989	0	0	1,151
Rent	453	0	0	0	0	825	0	0	1,278
Other	0	0	0	0	0	88	0	52	139
Total Management and General	94,573	0	1,938	22,477	0	71,519	0	52	190,558
Fund Raising:									
Public relations	0	0	0	0	0	0	0	0	0
Total Fund Raising	0	0	0	0	0	0	0	0	0
Total Expenses	744,963	68,663	50,853	275,633	17,265	75,227	0	52	1,232,655
Excess (Deficiency) of Public Support and Revenue Over Expenses	56,910	(17,255)	(1,500)	(1,368)	3,519	3,652	0	6,557	50,515

OTHER CHANGES IN FUND BALANCE

Property & Equipment acquisitions	(56,694)	0	0	0	0	0	0	0	(56,694)
FUND BALANCE - BEGINNING	25,900	17,230	1,670	(1,071)	744	(1,360)	41	356	43,510
Unobligated fund balance reprogrammed	(2,008)	0	0	0	0	0	0	0	(2,008)
Adjusted Fund Balance - Beginning	23,892	17,230	1,670	(1,071)	744	(1,360)	41	356	41,502
FUND BALANCE - ENDING	\$24,108	(\$25)	\$170	(\$2,439)	\$4,263	\$2,293	\$41	\$6,912	\$35,323

4. DUE TO FUNDING SOURCES

Amounts due to funding sources result from underspending of grant revenues in prior year programs and are detailed as follows:

Unrestricted Fund - Local Administration:

U. S. Department of Health & Human Services - Handicap Consortium - Passed through Iberville Parish Office of Community Services	\$ 2,799 =====
---	-------------------

5. INTERFUND RECEIVABLES AND PAYABLES

At March 31, 1996, interfund receivables and payables were comprised of the following:

	Interfund Receivables	Interfund Payables
Unrestricted Funds:		
<u>Local Administration:</u>		
Child Care Food - Family Day Care	\$ 52	
Head Start	100	
Total Unrestricted Funds	152	
 Restricted Funds:		
<u>Head Start:</u>		
Local Administration		\$ 100
 <u>Child & Adult Food - School Lunch Program:</u>		
Child Care Food - Family Day Care	6,726	0
 <u>Child Care Food - Family Day Care:</u>		
Local Administration	0	52
Child & Adult Food - School Lunch Program	0	6,726
Total Restricted Funds	6,726	6,778
Total All Funds	\$ 6,878 =====	\$ 6,878 =====

6. PROPERTY & EQUIPMENT

	Restated Balance <u>4/01/95</u>	Additions	Deletions	Balance <u>3/31/96</u>
Furniture & fixtures	\$ 13,848	\$ 2,744	\$ 495	\$ 16,097
Office Equipment	75,489	9,586	0	85,075
Vehicles	143,488	0	0	143,488
Center Equipment	14,298	7,086	0	21,384
Center Renovations	12,138	0	0	12,138
Buildings	<u>0</u>	<u>37,277</u>	<u>0</u>	<u>37,277</u>
	\$ 259,261	\$ 56,693	\$ 495	\$ 315,459
		=====	=====	
Less: Accumulated Depreciation	<u>96,475</u>			<u>144,685</u>
	\$ 162,786			\$ 170,774
	=====			=====

Depreciation expense was \$48,310 for the fiscal year ending March 31, 1996. Beginning balances were restated to reflect an increase in cost of \$ 1,181 due to adjustments made to schedule for property purchased in prior years, either omitted or listed at incorrect amount.

7. OPERATING LEASES

The Agency was engaged in a leasing agreement Livonia Lodge #220 for the lease of office space located at 128 Poydras Street which houses the Head Start offices. The lease is for a term of three years with monthly payments of \$350.00. Rent expense is recorded for the current year in the amount of \$4,200. Future Minimum lease payments over the lease term are as follows:

<u>FYE</u>	Annual <u>Lease Payments</u>
3/31/97	\$ 700.00

Pointe Coupee Community Advancement, Inc.
Schedule of Per Diem and Other Compensation
Paid to Members of the Board of Directors
Year Ended March 31, 1996

Mr. Roland J. Roberts	\$	0
Ronald Saizon		0
Russell Polar		0
Irma R. Smith		0
Donald Fuselier		0
Blanche R. Lindsly		0
Pearl Johnson		0
Eleanor Seibert		0
Sylvester Muckelroy		0
Walter Warr, Jr.		0
John Olinde, Sr.		0
Rev. Miller Armstrong		0
Robert Britten		0
Joseph Young		0
Geraldine Turner		0
Alberta Brue		0
Geraldine Martin		0
Joyce Domingue		0
Antionette Patterson		0
Rose Hebert		0
Lizzie Washington		0

	\$	0
		=====

ADDITIONAL INFORMATION

W. Kathleen Beard
Certified Public Accountant
P. O. Box 811
New Roads, Louisiana 70760
(504) 638-3111

Member:
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pointe Coupee Community Advancement, Inc.

I have audited the accompanying balance sheet of Pointe Coupee Community Advancement, Inc., (a nonprofit organization) as of March 31, 1996, and the related statements of activity and functional expenses for the year then ended. These financial statements are the responsibility of Pointe Coupee Community Advancement, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions", and the Louisiana Governmental Audit Guide, issued by the Legislative Auditor of the State of Louisiana and the Society of Louisiana Certified Public Accountants. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As explained in Note 12 to the financial statements, Pointe Coupee Community Advancement, Inc. has not yet adopted FASB Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received and Contributions Made" and No. 117 "Financial Statements of Not-for-Profit Organizations. Generally accepted accounting principles require accounting and reporting in accordance with the provisions of these statements. It was not practicable to determine the effects of not adopting these statements.

In my opinion, except for the effects of not adopting SFAS No. 116 and No. 117, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pointe Coupee Community Advancement, Inc. as of March 31, 1996, and the results

Pointe Coupee Community Advancement, Inc.
 Reconciliation of Schedule of Federal Awards
 Year ended March 31, 1996

	<u>Head Start</u>	<u>Child and Adult Food Family Day Care</u>	<u>Community Services Block Grant</u>
Total expenses per Combining Schedule of Activity and Changes in Fund Balance - Head Start	\$744,963	275,633	75,227
Add: Property & equipment acquisitions	56,694	0	0
Less: In kind salaries and facilities	(164,754)	0	0
	-----	-----	-----
Recipient share of expenses	636,903	275,633	75,227
Accruals:			
Prepaid insurance 3/31/95	(23,775)	0	0
Prepaid insurance 3/31/96	22,960	1,153	1,048
Prior program year funds returned to grantor	0	(1,883)	0
	-----	-----	-----
Total Expenditures per Schedule of Federal Awards	\$636,088	\$274,903	\$76,275
	=====	=====	=====

Pointe Coupee Community Advancement, Inc.
 Schedule of Federal Awards
 Year ended March 31, 1996

Federal Grantor/ Pass through Grantor/ Program Title	Federal CFDA Number	Agency or Pass through Number	Award Amount	Revenue Recognized	Disbursements/ Expenditures
Major Programs:					
<u>U. S. Department of Health and Human Services:</u>					
Direct program:					
Headstart	93.600	06CH5160/30	\$637,015	\$636,932	\$636,088
<u>U. S. Department of Agriculture:</u>					
Passed through Louisiana -					
Department of Education -					
Child and Adult Care Food Program - Family Day Care	10.558	-	N/A	274,265	274,903
Other Federal Awards:					
<u>Federal Emergency Management Agency:</u>					
Direct Program:					
Emergency Food & Shelter Program	83.523	11-3666-00-001	14,366	6,608	52
<u>U. S. Department of Health and Human Services:</u>					
Passed through Louisiana -					
Department of Labor -					
Community Services Block Grant - Regular	93.569	95N003	74,261	59,868	58,509
Community Services Block Grant - Regular	93.569	96N003	71,337	19,011	17,766
Department of Social Services -					
Home Energy Assistance	93.568	-	N/A	49,353	50,853
<u>U. S. Department of Agriculture:</u>					
Passed through Louisiana -					
Department of Agriculture -					
The Emergency Food Assistance Program					
Commodity Distribution	10.550	-	N/A	15,683	15,683
Administrative Cost	10.550	-	N/A	5,100	1,581
Department of Education					
Child and Adult Care Food Program - School Lunches	10.557	-	N/A	51,408	68,663
Total Federal Awards				\$1,118,230	\$1,124,098

W. Kathleen Beard
Certified Public Accountant
P. O. Box 811
New Roads, Louisiana 70760
(504) 638-3111

Member:
American Institute of CPAs
Society of Louisiana CPAs

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors
of Pointe Coupee Community Advancement, Inc.

I have audited the financial statements of Pointe Coupee Community Advancement, Inc., (a nonprofit organization) for the year ended March 31, 1996, and have issued my report thereon dated September 23, 1996. In my report, my opinion was qualified due a departure from generally accepted accounting principles resulting from the effects of not adopting SFAS No. 116 and SFAS No. 117. These financial statements are the responsibility of Pointe Coupee Community Advancement, Inc.'s management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of Pointe Coupee Community Advancement, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



W. Kathleen Beard
Certified Public Accountant
September 23, 1996

8. COMPENSATED ABSENCES

Employees of the Agency are entitled to paid vacation and sick days, depending on length of service. Payment for unused vacation leave time shall be made upon the discharge, resignation, removal of an employee due to reduction in force, or retirement or death of employee. The rate of payment will be an hourly rate which is an average of the three highest years of employment. A maximum of 300 hours may be paid. No unused sick leave shall be paid upon termination. Accrued vacation pay for the fiscal year ending March 31, 1996 in the amount of \$8,306 is recorded as a long-term liability.

10. FUND BALANCE DEFICITS

At March 31, 1996, the following restricted funds had deficit fund balances:

Child and Adult Food - School Lunches	\$ 25	
Child and Adult Food - Family Day Care	<u>2,439</u>	
		\$ 2,464
		=====

11. CONTINGENCIES

Pointe Coupee Community Advancement, Inc. receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State for expenditures disallowed under the terms and conditions of the appropriate agency.

12. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

In June 1993, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made", which standardizes the accounting for contributions for all entities and generally requires measuring contributions received and promises to give at their fair value and reporting them as an increase in net assets immediately, even if the donor has restricted their use and the restriction will be met in a future reporting period; and No. 117 "Financial Statements of Not-for-Profit Organizations" which establishes standards for external financial statements and requires statements of financial position, activities, cash flows, and for Voluntary health and welfare organizations, a statement of functional expenses. Both statements are effective for fiscal years beginning after December 15, 1994 with a one year delay for organizations that have less than \$5 million in total assets and \$1 million in annual expenses. For the current fiscal year, which began April 1, 1995, the Agency had \$300,664 in total assets and \$1,288,198 in annual expenses, and therefore was required by generally accepted accounting principles to implement the provisions of these statements into the accounting records and financial reporting. The Board of Pointe Coupee Community Advancement, Inc. did not adopt these statements, consequently, the opinion on the financial statements was qualified. It was not practicable to determine the effects of not adopting these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Pointe Coupee Community Advancement, Inc., ("the Agency") was organized in 1965 as a non-profit corporation under the Nonprofit Corporation Law of Louisiana, Section 201(7) of Title 12 of the Louisiana Revised Statutes and is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The corporation is organized on a non-stock basis. It functions as a community action agency whose purpose is to improve the quality of life for low income, needy persons throughout the area with emphasis on providing educational, nutritional, health and social assistance to underprivileged children and nutritional and energy assistance to low income persons.

The financial statements have been prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, *Audits of Voluntary Health and Welfare Organizations*. The financial statements have been prepared on an accrual basis of accounting. The significant accounting policies followed are described below:

Fund Accounting

To ensure observance of certain restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The assets, liabilities and fund balances are reported in the following self-balancing fund groups:

Current Unrestricted Funds represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Agency in accordance with its bylaws.

Current Restricted Funds represent all funds currently available for use, but expendable only for operating purposes specified by the grantor. Resources of this fund originate from federal and state grants.

The Equipment Fund is designated for recording the acquisition cost of furniture, equipment, and vehicles, and accumulated depreciation.

Pointe Coupee Community Advancement, Inc.
 Schedule of Activity and Changes in Fund Balance
 - Budget - Actual (Budget Basis) - Head Start Program
 Year ended March 31, 1996

	<u>Approved Budget</u>	Actual	Variance Favorable/ (Unfavorable)
<u>PUBLIC SUPPORT AND REVENUES</u>			
Public Support:			
Grant revenues	635,116	634,925	(192)
Unobligated balance federal share	1,899	2,008	109
Grantees contribution	159,254	164,754	5,500
Total Public Support	796,269	801,686	5,417
Revenue:			
Interest income	0	187	187
Total Revenue	0	187	187
Total Revenue and Public Support	796,269	801,873	5,604
<u>EXPENSES</u>			
Salaries	373,523	377,740	(4,217)
Fringe benefits	64,843	58,106	6,737
Travel	1,855	2,478	(623)
Supplies	35,800	38,560	(2,760)
Equipment	39,000	37,277	1,723
Contractual services	5,000	5,000	0
Other costs	116,994	116,926	68
In Kind Salaries and Rent	159,254	164,754	(5,500)
Total Expenses	796,269	800,842	(4,573)
Excess (Deficiency) of Public Support and Revenues over Expenses	0	1,031	1,031
FUND BALANCE - BEGINNING		25,900	
Adjustments:			
Reclassification of Unobligated fund balance		(2,008)	
Prepaid insurance 3/31/95		(23,775)	
Prepaid insurance 3/31/96		22,960	
Adjusted Fund Balance - Beginning		23,077	
FUND BALANCE - ENDING		\$24,108	

NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS

Current Year Immaterial Noncompliance Findings

Questioned Costs

Preparation of Federal Financial Reports

Condition and Criteria: Federal Cash Transactions Report - Status of Federal Cash - PMS 272 quarterly reports do not reflect transactions occurring in prior year Head Start bank accounts. Information contained in these reports is used by the Payment Management System as the basis for determination of cash accountability and cash availability.

Effect: Incomplete and inaccurate information results in inaccurate reporting of disbursements, interest income and beginning and ending cash on hand. Inappropriate bank service charges are not detected timely.

Cause: Prior year program bank accounts are assumed to have no activity, consequently bank statements are not opened. However, transactions, such as interest earnings and service charges are occurring and are not being recorded in accounting records or reported in these reports.

Recommendation: Contact Head Start Program Specialist to determine earliest date these accounts may closed and funds reprogrammed into current program. Meanwhile, these accounts must be reconciled each month and any transactions occurring must be recorded in the accounting records and reported in applicable reports.

Response: We concur with the finding. We have improved the accounting process and financial flow of accounting data between our payroll clerk and fiscal manager, consequently, we will be able to close out our program and file complete and accurate final financial reports on a timely basis.

Condition and Criteria: The final Federal Financial Status Report - Form 269 for the Head Start program was filed late. This report for the fiscal year ending March 31, 1996 was due June 30, 1996 and was filed August 28, 1996.

Effect: Reports filed delinquent could affect subsequent funding.

Cause: Inefficient flow of financial information between the fiscal manager who prepares the reports and the accounting clerk who maintains the accounting records.

Recommendation: The fiscal manager and accounting clerk should collaborate to complete each month's accounting as efficiently as possible.

Response: We concur with the finding. We have improved the accounting process and financial flow of accounting data between personnel, consequently, we will be able to close out programs and file complete and accurate financial reports on a timely basis.

NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS (Continued)

Current Year Immaterial Noncompliance Findings (Continued)

Questioned Costs

Payroll

Condition and Criteria: Noted one instance of administrative personnel who received an unapproved salary increase in Head Start. A cost of living increase was received after the second month of the program year by Head Start program staff only. Annual budgeted salary was \$ 5,780, actual annual salary was \$ 6,200.38.

420.38

Effect: Over expenditure of approved budget.

Cause: Ineffective internal controls requiring approvals or authorizations to modify existing information contained in computer data files which generate Head Start payroll checks.

Recommendation: At the beginning of each program year, individual employee salaries should be recalculated based upon the new approved budget, reviewed by a responsible official and approval should be documented in writing. The same procedure should be used for any subsequent modifications resulting from addition of new employees, cost of living increases, etc.

Response: We concur and will review existing procedures, steps will be taken to improve operating effectiveness and evaluate the need for additional procedures to ensure that all changes to computer data is reviewed by a responsible official and approvals will be documented in writing.

Prior Year Immaterial Noncompliance Findings:

All prior year findings of immaterial noncompliance appear to have been corrected.

Total Questioned Costs

\$ 420.38

=====

OTHER MATTERS

1. **Adoption of Financial Standards Accounting Board's Financial Statements of Financial Accounting Standards No. 116 - "Accounting for Contributions Received and Contributions Made" and No. 117 "Financial Statements of Not-for-Profit Organizations"**

Condition and Criteria: The Agency's financial statements for the fiscal year ending March 31, 1996 are not presented in accordance with generally accepted accounting principles because they have not implemented FAS No. 116 and FAS No. 117. All nonprofit organizations, except for organizations having less than \$5 million in total assets and less than \$1 million in annual expenses are required to implement these statements for fiscal years beginning after December 15, 1995.

Effect: The auditor's report on the financial statements was modified to reflect the departure from generally accepted accounting principles. It is not practical to determine the effects of not adopting these statements, however the effect is not believed to be material.

Cause: The management of Pointe Coupee Community Advancement, Inc. was not aware of these requirements.

Recommendation: The board of directors be informed of the new standards and be adopted and implemented.

Response: The board of directors will be informed of these requirements, and upon adoption, will be implemented effective for the fiscal year beginning April 1, 1996.

AL
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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 NOV 20 1996

W. Kathleen Beard
CERTIFIED PUBLIC ACCOUNTANT

1996
1997
1998

POINTE COUPEE COMMUNITY ADVANCEMENT, INC.
NEW ROADS, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
MARCH 31, 1996

W. Kathleen Beard
Certified Public Accountant
P. O. Box 811
New Roads, Louisiana 70760
(504) 638-3111

September 23, 1996

Pointe Coupee Community Advancement, Inc.
339 Napoleon Street
New Roads, Louisiana 70760

To the Board of Directors and Management:

In planning and performing my audit of the financial statements of Pointe Coupee Community Advancement, Inc. for the year ended March 31, 1996, I considered the Agency's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Pointe Coupee Community Advancement, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertion of management in the basic financial statements. These conditions are reported in a separate supplemental schedule entitled "Schedule of Reportable Conditions". During my audit I became aware of several matters less serious than reportable conditions that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. Also included in this memorandum is a discussion on immaterial instances of noncompliance with the laws, regulations, contracts, and grant requirements for federal awards. This letter does not affect my report dated September 23, 1996 on the financial statements of Pointe Coupee Community Advancement, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various Agency personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



W. Kathleen Beard
Certified Public Accountant

INTERNAL CONTROL STRUCTURE

Nonreportable Conditions:

1. Travel Vouchers

Condition and Criteria: The Executive Director's travel voucher does not contain the required detail indicating beginning and ending mileage, destination and reason for travel for each instance of vehicle use, but instead provides an estimate of weekly travel miles driven using the same general description of destination and reason for travel. All employees are required to provide actual travel information to obtain reimbursement for vehicle use.

Effect: There is no supporting documentation showing actual vehicle use.

Cause: The Executive Director performs the daily tasks of picking up mail at post office, banking, and various other errands around town, but fails to perform the record keeping tasks related to accurate travel reporting. The Board President signs the travel voucher although it does not contain adequate detail of vehicle use.

Recommendation: The Executive Director should either prepare travel vouchers according to required procedures as other personnel do, or, continue to use personal vehicle to run errands and not submit a travel voucher, or assign other personnel the task of running routine errands around town.

Response: We concur with the finding. The Executive Director will begin reporting actual mileage, destination and purpose for each instance of vehicle use.