

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

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

and

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

For the Year Ended March 31, 2011

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 12 2011**

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INDEPENDENT AUDITORS' REPORT

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

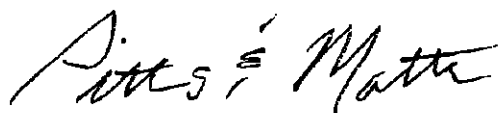
We have audited the accompanying statement of financial position of St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of March 31, 2011, and the related statements of activity and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Community Action Committee Association, Inc. as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2011, on our consideration of St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of St. Mary Community Action Committee Association, Inc. taken as a whole. The statements of activity by program are presented for additional analysis and are not a required part of the basic financial statements of the St. Mary Community Action Committee Association, Inc. The accompanying schedule of expenditures of federal awards and related notes are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and are also not a required part of the basic financial statements of St. Mary Community Action Committee Association, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2011

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
March 31, 2011

ASSETS

| | |
|--|--------------|
| Current assets | |
| Cash | \$ 378,652 |
| Grants receivable | 304,932 |
| Other receivables | 114,169 |
| | <hr/> |
| Total current assets | 797,753 |
| | |
| Inventory - subdivision development | 130,010 |
| Fixed assets - less accumulated depreciation | 7,446,921 |
| | <hr/> |
| Total assets | \$ 8,374,684 |
| | <hr/> |

LIABILITIES AND NET ASSETS

| | |
|--|--------------|
| Current liabilities | |
| Accounts payable and accrued expenses | \$ 370,427 |
| Note payable | 184,000 |
| | <hr/> |
| Total current liabilities | 554,427 |
| | <hr/> |
| Net assets | |
| Unrestricted | 427,773 |
| Temporarily restricted for: | |
| Fixed assets with explicit restrictions on use | 6,997,555 |
| Housing programs | 66,434 |
| Emergency assistance programs | 73,092 |
| Youth programs | 140,512 |
| Job assistance programs | 89,513 |
| Administration | 25,378 |
| | <hr/> |
| Total | 7,392,484 |
| | <hr/> |
| Total net assets | 7,820,257 |
| | <hr/> |
| Total liabilities and net assets | \$ 8,374,684 |
| | <hr/> |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011

| | |
|---|-------------------------|
| Support | |
| Grants | |
| Federal | \$ 1,792,392 |
| State | 254,096 |
| Local | 40,863 |
| Contributions | 221,940 |
| Donations | 26,889 |
| Fees for services | 95,331 |
| Other | 293,935 |
| Net assets released from restrictions: | |
| Satisfaction of program restrictions | <u>6,913,509</u> |
| Total unrestricted support | <u>9,638,955</u> |
| Expenses | |
| Head Start programs | 5,125,220 |
| Housing assistance programs | 2,725,266 |
| Transportation programs | 378,831 |
| Family and childrens programs | 360,278 |
| Emergency assistance programs | 17,477 |
| Other general assistance | 75,278 |
| Management and general | <u>798,786</u> |
| Total unrestricted expenses | <u>9,481,136</u> |
| Increase in unrestricted net assets | <u>157,819</u> |
| Changes in temporarily restricted net assets: | |
| Support | |
| Grants | |
| Federal | 6,704,134 |
| Net assets released from restrictions: | |
| Satisfaction of program restrictions | <u>(6,913,509)</u> |
| Decrease in temporarily restricted net assets | <u>(209,375)</u> |
| Decrease in net assets | <u>(51,556)</u> |
| Net assets at March 31, 2010 | <u>7,871,813</u> |
| Net assets at March 31, 2011 | <u>\$ 7,820,257</u> |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2011

| | |
|--|--------------------|
| Cash flows from operating activities: | |
| Received from grantors | \$ 8,956,033 |
| Donations | 26,889 |
| Other revenues | 497,037 |
| Paid to employees | (4,083,448) |
| Paid to vendors | <u>(5,308,391)</u> |
| Net cash provided by operating activities | <u>88,120</u> |
| Cash flows from investing activities: | |
| Purchase of fixed assets | (600,650) |
| Proceeds from sale of land | 37,714 |
| Payments received on loans | <u>88</u> |
| Net cash used in investing activities | <u>(562,848)</u> |
| Net decrease in cash and cash equivalents | (474,728) |
| Cash and cash equivalents at beginning of year | <u>853,380</u> |
| Cash and cash equivalents at end of year | <u>\$ 378,652</u> |

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

| | |
|---|------------------|
| Change in net assets: | \$ (51,556) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | \$ 271,864 |
| Decrease in grants receivable | 164,548 |
| Increase in other receivables | (114,169) |
| Decrease in accounts payable and accrued expenses | <u>(182,567)</u> |
| Net cash provided by operating activities | <u>\$ 88,120</u> |

NOTES:

The Association received noncash contributions of food commodities, building usage, and professional services totaling \$221,940 during the year.

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

The Association is a not-for-profit corporation designated as St. Mary Parish's official agency for the enactment and oversight of many social, education, and welfare programs for the citizens of St. Mary Parish, Louisiana; including the operation of the local Head Start program. In addition, the Association also operates the Head Start program and certain other programs for Vermillion Parish. The Association receives Federal, state, and local funding to operate its various programs.

The following is a summary of the programs and their primary functions applicable to the Association during the year ended March 31, 2011:

| <u>Program</u> | <u>Funding Source</u> | <u>Functions</u> |
|-----------------------------------|---|--|
| General | Various | General operations. |
| Head Start #22 | U.S. Dept. of Health and Human Services | To provide comprehensive health, educational, nutritional, social, and other services to economically disadvantaged preschool children and to provide parents with training and education to foster their understanding of and involvement in the development of their children. |
| Child and Adult Care Food Program | U.S. Dept. of Agriculture | To supply supplemental nutritious foods and nutrition education to low-income families. |
| Fatherhood National | U.S. Dept. Of Health and Human Services | To provide assistance and counseling to promote a healthy relationship between the parent and the child. |

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

| <u>Program</u> | <u>Funding Source</u> | <u>Functions</u> |
|---------------------------------------|--|---|
| Community Services Block Grant (CSBG) | U.S. Dept. of Health and Human Services | To provide administrative assistance to non-profit community service organizations. |
| Revolving Loan Program | U.S. Dept. Of Agriculture | To provide loans to small businesses located in rural areas. |
| Jobs for American Graduates (JAG) | U.S. Dept. Of Labor and State of Louisiana Dept. of Education | To provide a comprehensive out-of-school program that targets young people who have left the education system. Goals of the program include: attaining a GED, a marketable skill and a quality job with good career potential. |
| Transitional Housing | U.S. Dept. of Housing and Urban Development | To help eligible clients obtain and remain in permanent housing and increase their skills and/or Income. |
| HUD Homeless | U.S. Dept. of Housing and Urban Development | To provide assistance to eligible clients with utility assistance, rental assistance, deposits, foods, clothes, case management and life skills training that will strengthen, promote quality, and guide families into self sufficiency. |

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

| <u>Program</u> | <u>Funding Source</u> | <u>Functions</u> |
|---|---|---|
| Parish Council | St. Mary Parish Council, U.S. Dept. of Health and Human Services, U.S. Dept. of Transportation and State of Louisiana Dept. Of Transportation | To supplement transportation services. |
| LIHEAP Utility Payments | U.S. Dept. of Health and Human Services | To assist eligible households to meet home energy costs. |
| Medicaid | State of Louisiana Dept. Of Treasury | To provide assistance to eligible individuals to qualify them to receive Medicaid benefits. |
| Weatherization | U.S. Dept. of Energy | To weatherize dwellings of low-income individuals. |
| Head Start Construction | U.S. Dept. of Health and Human Services | To provide funds for the construction of Head Start Centers. |
| Rural Development Training and Technical Assistance | U.S. Dept. of Agriculture | To provide training and technical assistance for potential, new, and emerging business owners by providing online small business courses. |
| FEMA Emergency Assistance | Federal Emergency Management Agency | To assist eligible clients with utility, rent, emergency shelter, and food assistance. |
| Summer Feeding | U.S. Dept. of Agriculture | To supply nutritious foods to children during summer months. |

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

| <u>Program</u> | <u>Funding Source</u> | <u>Functions</u> |
|----------------------------------|---|--|
| Emergency Shelter | U.S. Dept. of Health and Human Services | To provide emergency housing for victims of fire, floods, storms and other natural disasters. |
| Housing Department | Earned fees and other | To provide housing assistance, counseling, etc. regarding home ownership |
| Katrina Fund | Various private foundations and local donations | Use donations to provide assistance to persons affected by Hurricanes Katrina and Rita. These funds will aid the agency in assisting persons affected by the disaster. |
| Affordable Housing (Faith Place) | Federal Home Loan Bank of Dallas and Louisiana Housing Finance Agency | To provide affordable housing through development and construction. |
| Isaiah's House | Rent Revenue | To provide safe and affordable housing in the form of rental property to residents of St. Mary Parish. |
| Head Start ARRA Stimulus | U.S. Dept. of Health and Human Services | To bring Head Start staff salaries comparable to local school systems, and to meet federal required salary levels, to purchase needed equipment; and to make repairs. |

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

| <u>Program</u> | <u>Funding Source</u> | <u>Functions</u> |
|-------------------------|---|--|
| CSBG ARRA Stimulus | U.S. Dept. of Health and Human Services | To help unemployed and underemployed by creating and maintaining new jobs through Culinary Institute; assist those persons with utility, rental assistance, transportation, child care, job skills, and referrals. |
| Weatherization Stimulus | U.S. Dept. of Energy | To weatherize additional number of dwellings of low-income individuals. |

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory – Subdivision Development

It is the intension of the Association to subsidize the purchase price of homes to certain qualified low income buyers. Therefore, the value of inventory of homes in the Subdivision Development program is valued at contractual sales price (which is lower than construction costs or estimated fair value).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenues

A significant portion of the Association's support and revenue is in the form of grants and contributions from governmental agencies and other groups. Contributions are generally reported as temporarily restricted, if they are received with donor stipulations. Significant grants are also accounted for as temporarily restricted if the value received by the grant provider is only incidental to the public benefit provided by use of the grant funds. When the stipulations of the grantor or donor are met, then these assets are reclassified as unrestricted and reported in the statement of activity and changes in net assets as net assets released from restrictions. The Association receives some grants which would normally be accounted for as temporarily restricted. However, when the Association meets grantor restrictions in the same year as the grant funds are received, these grants are reported as unrestricted.

Grant funds received from grant providers, who receive significant value in exchange for grant funds, are accounted for as exchange transactions and revenue is recognized as services are performed.

Expenses

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

Utilization of Contributed Goods, Services or Facilities

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

In accordance with FASB Accounting Standards Codification, contributions of services shall be recognized only if the services received a) create or enhance nonfinancial assets or b) require specialized skills and the person providing the service possesses the specialized skill.

Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost or estimated cost. Contributed items are valued at their estimated fair market value at the date of the contribution. Fixed assets are depreciated over their estimated useful lives on the straight-line basis.

Fixed assets purchased with grantor funds may need to be used for a specific purpose or time period and returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion. The Association accounts for the acquisition of fixed assets in one of two ways depending upon grantor restriction as shown below:

1. If the grantor does not stipulate the use, timeframe, and disposition of the fixed assets then the Association records fixed assets as unrestricted support when the assets are placed in service.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

2. If the grantor specifies a particular use but no timeframe it is the Association's policy to record the fixed assets as restricted support and increase temporarily restricted net assets. The Association then records depreciation over the asset's useful life and net assets are periodically reclassified from temporarily restricted to unrestricted as the asset is depreciated.

Funds received that are restricted to the construction of fixed assets are reported as restricted support that increase temporarily restricted net assets, those restrictions expire when the construction is complete and the fixed assets are placed into service, at which time they are accounted for as described in 1 or 2 above.

Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. An accrual is made for the amount of compensation the employees will receive in the future based upon services performed through March 31, 2011. The amount accrued at March 31, 2011 is approximately \$68,000.

Net assets

In accordance with the FASB Accounting Standards Codification, the Association must report net assets in each of the following three classes:

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

The Association has unrestricted and temporarily restricted net assets.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Income Tax Status

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

NOTE 2 - INVENTORY – SUBDIVISION DEVELOPMENT

In a prior year the Association developed Morgan City Heights, a small single family subsidized residential subdivision. The City of Morgan City donated to the Association four developed lots in a subdivision in Morgan City, Louisiana valued at \$5,000 each. In addition, the Association received a grant through the Louisiana Housing Finance Agency (LHFA) from the Home Investment Partnership Program (HOME) from HUD. This grant was used to supplement the construction costs of the homes. It is the intent of the Association to make the sales price of the homes affordable to lower income buyers by recovering only a portion of the construction costs of the homes, not the fair value of the homes. Construction of all four homes was complete as of March 31, 2010. During the year ended March 31, 2010, two of the homes were sold at a sales price of \$55,000 each, in addition, rental agreements with options to purchase, (at a price of \$65,000, each), were obtained on the two remaining homes.

It was not the intent of the Association, nor its funding grantors, to recover the construction costs of these homes from the sales price. The value of the two remaining homes subject to rental purchase option has been reduced to the option price and is reported on the Association balance sheet at \$130,010 (\$65,005 each).

NOTE 3 - FIXED ASSETS

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

| <u>Category</u> | <u>Cost</u> | <u>Estimated Useful Life</u> |
|--------------------------------|---------------------|------------------------------|
| Land | \$ 116,000 | |
| Buildings | 7,658,809 | 35 years |
| Vehicles | 1,237,197 | 3 years |
| Furniture and fixtures | 85,384 | 5 years |
| Machinery and equipment | 1,015,386 | 5 years |
| Leasehold improvements | <u>96,471</u> | 5 years |
| Total | 10,209,247 | |
| Less: accumulated depreciation | <u>2,762,326</u> | |
| | <u>\$ 7,446,921</u> | |

Depreciation for the year ended March 31, 2011 totaled approximately \$272,000.

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

NOTE 4 - NOTE PAYABLE

Note payable at March 31, 2011 is as follows:

Description

| | |
|--|-----------|
| \$200,000 non-interest bearing revolving loan to Louisiana Housing Finance Agency used for Construction of Faith Place Subdivision: Outstanding balance due at March 31, 2011 | \$184,000 |
|--|-----------|

NOTE 5- LEASES

At March 31, 2011, the Association had five significant operating leases in effect. The leases cover the buildings in various locations used to serve recipients of the Association's services. Total Rent expense for the year ended March 31, 2011 totaled approximately \$22,800.

The aggregate future minimum lease payments for the five leases is approximately:

| | |
|---------------------------|-----------------|
| Year ended March 31, 2012 | <u>\$12,300</u> |
|---------------------------|-----------------|

NOTE 6 - UTILIZATION OF CONTRIBUTIONS

The following contributions were received and recognized, for financial reporting purposes, by the Association during the year ended March 31, 2011:

| <u>Program</u> | <u>Contribution</u> | <u>Amount</u> |
|---|-----------------------|-------------------|
| Head Start | Food Commodities | \$48,652 |
| Head Start | Rental Space | 5,498 |
| Head Start | Professional Services | <u>167,790</u> |
| Total recognized contributions received | | \$ <u>221,940</u> |

In addition to the contributions recognized for financial statement purposes, the Association receives other donations primarily from parent volunteers in the Head Start Program. These contributed services and certain other items were not recognized for financial reporting purposes because they do not meet the criteria set forth in FASB Accounting Standards Codification, however, these contributions do meet the matching requirements set forth in the Head Start grant. The sum of recognized and unrecognized "in-kind" contributions and other matching contributions qualifying for the Head Start Program total approximately \$1,199,000.

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Association provides a 401(k) savings plan for its eligible employees. All employees with one year of service and an attained age of 20 ½ may participate. Participating employees may elect to contribute up to ten percent of their earnings. The Association may contribute an amount equal to a percent of the participants' contributions. The Association contributed approximately \$79,000 to the plan for the year ended March 31, 2011.

NOTE 8 - RELATED ENTITIES

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

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

In addition to its share of profits or losses, the Association receives \$15 per occupied unit per month as a management fee. Total Fees for the year ended March 31, 2011, totaled approximately \$5,000 and are reported when earned.

The Partnership's year end is December 31, 2010. Total net assets (deficit) of the partnership total (\$343,000) at December 31, 2010. The partnership incurred a net loss of \$56,000 at December 31, 2010. The amount of this loss attributable to the Agency is \$278.

NOTE 9 - RELATED PARTIES

During the year the Association purchased a parcel of land and building for \$99,675. The purchase was funded with self generated funds, no federal, state, nor local governmental funds were used.

The Association determined it did not need all the land for its planned usage and subsequently sold a portion of the land for its estimated fair market value of \$37,714 to an individual who is a member of the Association's board of directors. The board member recused himself from all actions related to the sale of the land.

NOTE 10 - CONCENTRATIONS

Eighty-nine percent of the Association's funding is obtained from federal grants. The largest federal grant administered by the Association is the Head Start program which accounts for forty four percent of the Association's total funding for the year ended March 31, 2011.

NOTE 11 - RISK MANAGEMENT AND CONTINGENCIES

The Association is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. In addition, the Association provides certain medical and health benefits to its employees. The Association has purchased commercial insurance to protect against loss from most of these perils and to provide for most of the medical benefits. However, it was the policy of the Association to retain the risk of loss related to the costs of health care benefits for its employees up to \$15,000 in covered benefits per employee per year through the period ended October 2010 through the use of a funded Employee Benefit Fund self-insurance program. Under this program, the Association made monthly contributions to a reserve account based upon the type and extent of plan coverage under rates and premiums (determined by the Association's insurance consultants and administrators) has would have been paid had comparable insurance coverages been obtained to cover these risks. Beginning November 2010, the Association provides all its employee medical and health benefits through the purchase of commercial insurance and the Employee Benefit Plan ceased operations.

The Association used a combination of past history and specific claim analysis to estimate its liability for unfunded employee healthcare claims. The Association does not discount the amount of claims to present value, nor has the Association purchased any annuity contracts to settle estimated liabilities.

Changes in the Association's estimated claims liabilities for years ended March 31, 2010 and 2011 were:

| | |
|--|-----------------|
| Liability balance, March 31, 2009 | \$ 6,000 |
| Claims during the year ended March 31, 2010 | 98,000 |
| Claims paid during the year ended March 31, 2010 | <u>(93,000)</u> |
| Estimated liability at March 31, 2010 | 11,000 |
| | |
| Claims during the year ended March 31, 2011 | 98,000 |
| Claims paid during the year ended March 31, 2011 | <u>(98,000)</u> |
| Estimated liability at March 31, 2011 | <u>\$ -</u> |

The total expenses reported by the Association for claims related to retained risk for the year ended March 31, 2011 totaled \$98,000.

Upon cessation, the Employee Benefit Plan calls for the excess of funds in the reserve account over the final determined claims liability to revert to the Association. This amount is estimated to be approximately \$228,000 and is reported as other income in these financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The Association expects the amounts, if any, of expenditures which may be disallowed by the grantors to be immaterial.

NOTE 12 – SUBSEQUENT EVENTS

The Association's management evaluated whether any events and transactions occurred subsequent to March 31, 2011 through September 27, 2011, the date the Association's financial statements are available to be issued, and determined that there were no material events or transactions that would require recognition or disclosure in the Association's financial statements.

SUPPLEMENTARY INFORMATION

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2011

19L

| | General Fund | Head Start #22 | Child and Adult Care Food Program | Fatherhood National | Fatherhood State | CSBG | Revolving Loan Fund | JAG | Capital Reserve | Transitional Housing |
|--|--------------|----------------|-----------------------------------|---------------------|------------------|------------|---------------------|-----------|-----------------|----------------------|
| Support | | | | | | | | | | |
| Grants | | | | | | | | | | |
| Federal | \$ 19,636 | | \$ 494,062 | \$ 295,727 | | | | \$ 43,217 | \$ | \$ 70,443 |
| State | 5,000 | | | | | | | | | |
| Local | | | | | | | | | | |
| Other support | | | | | | | | | | |
| Utilization of contributed food | | \$ 48,652 | | | | | | | | |
| Utilization of contributed professional services | | 167,790 | | | | | | | | |
| Utilization of contributed facilities | | 5,498 | | | | | | | | |
| Contributions | 26,889 | | | | | | | | | |
| Fees for services | 95,331 | | | | | | | | | |
| Other | 135,022 | | | | | | | | \$ 129,877 | |
| Net assets released from restrictions: | | | | | | | | | | |
| Satisfaction of program restrictions | | 4,248,292 | | | | \$ 314,821 | | | | |
| Total unrestricted support (deficiency) | 281,878 | 4,470,232 | 494,062 | 295,727 | - | 314,821 | - | 43,217 | 129,877 | 70,443 |
| Expenses | | | | | | | | | | |
| Salaries | 43,631 | 2,714,574 | 179,357 | 88,638 | (214) | 199,716 | | 22,284 | | 21,245 |
| Benefits | 6,245 | 464,100 | 28,033 | 13,951 | | 28,444 | | 10,920 | | 5,893 |
| Utilization of contributed food | | 48,652 | | | | | | | | |
| Utilization of contributed professional services | | 167,790 | | | | 450 | | 4,684 | | |
| Professional services | 8,186 | 56,269 | 15,031 | 13,560 | | | | | | |
| Contractual | | | | | | | | | | |
| Maintenance - facilities | | 13,571 | 2,521 | 1,344 | | 1,042 | | 4,050 | | |
| Rent | 139 | 22,224 | | | | 3,600 | | 300 | | |
| Services | 6,638 | 239,871 | 27,455 | 99,137 | | 275 | | | | 2,101 |
| Utilization of contributed facilities | | 5,498 | | | | | | | | |
| Supplies | 11,542 | 143,749 | 5,796 | 35,341 | | 4,165 | | 5,366 | | |
| Travel and transportation | 11,593 | 76,642 | 1,350 | 14,833 | | 1,133 | | 4,147 | | |
| Insurance | 7,827 | 88,482 | 9,284 | 5,735 | | 7,447 | | 1,447 | | 2,051 |
| Benefits provided to community: | | | | | | | | | | |
| Emergency assistance | 1,773 | | | | | 1,339 | | | | |
| Food | 3,164 | 58,455 | 183,418 | 2,416 | | 420 | | | | 4,827 |
| Medical | 2,669 | | | 5,872 | | 5,426 | | | | |
| Utility payments | | | | | | | | | | |
| Weatherization | | | | | | | | | | |
| Housing assistance | 15,213 | | | | | | 10,000 | | | 41,367 |
| Other | 9,790 | 26,798 | 2,675 | 7,421 | | 2,302 | 241 | 773 | 18,553 | 104 |
| Depreciation | 21,439 | 230,896 | 777 | | | 1,540 | | | | |
| Utilities, Telephone, Internet | 7,633 | 179,557 | 11,800 | 18,816 | | 11,914 | | 1,829 | | 87 |
| Total unrestricted expenses | 157,482 | 4,535,128 | 467,497 | 286,864 | (214) | 269,213 | 10,241 | 55,800 | 18,553 | 77,475 |

| | | | | | | | | | | |
|--|------------|--------------|------------|-----------|--------|-----------|-----------|-----------|------------|------------|
| Changes in unrestricted net assets | 124,396 | (64,896) | 26,565 | 8,863 | 214 | 45,608 | (10,241) | (12,583) | 111,324 | (7,032) |
| Other changes in unrestricted net assets: | | | | | | | | | | |
| Transfer in | 138,810 | | | | | 100 | | 8,000 | | 3,020 |
| Transfer out | (107,936) | | (40,000) | | | | | (10,000) | (20,000) | |
| Increase (decrease) in unrestricted net assets | 155,270 | (64,896) | (13,435) | 8,863 | 214 | 45,708 | (10,241) | (14,583) | 91,324 | (4,012) |
| Changes in temporarily restricted net assets | | | | | | | | | | |
| Support | | | | | | | | | | |
| Grants | | | | | | | | | | |
| Federal | | 4,249,207 | | | | 314,821 | 9,800 | | | |
| State | | | | | | | | | | |
| Local | | | | | | | | | | |
| Net assets released from restrictions: | | | | | | | | | | |
| Satisfaction of program restrictions | | (4,248,292) | | | | (314,821) | | | | |
| Other changes in temporarily restricted net assets: | | | | | | | | | | |
| Transfer of buildings constructed with grant funds: | | | | | | | | | | |
| Transfer out from program constructing building | (157,297) | | | | | | | | (68,363) | |
| Transfer in to program utilizing building | | 1,876,340 | | | | | | | | |
| Increase (decrease) in temporarily restricted net assets | (157,297) | 1,877,255 | | | | | 9,800 | | (68,363) | |
| Increase (decrease) in net assets | (2,027) | 1,812,359 | (13,435) | 8,863 | 214 | 45,708 | (441) | (14,583) | 22,961 | (4,012) |
| Net assets at March 31, 2010 | 774,210 | 4,629,477 | 138,944 | 4,933 | 225 | (26,443) | 58,367 | 45,032 | 200,458 | 1,422 |
| Net assets at March 31, 2011 | \$ 772,183 | \$ 6,441,836 | \$ 125,509 | \$ 13,796 | \$ 439 | \$ 19,265 | \$ 57,926 | \$ 30,449 | \$ 223,419 | \$ (2,590) |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2011

| | HUD Homeless | Parish Council | OCS/Wrap Around | LIHEAP | Medicaid | Weatherization | Head Start Construction | Rural Dev. Tech Assl. | FEMA Emergency Assistance |
|--|-----------------|-------------------|--------------------|-----------|----------|----------------|----------------------------|--------------------------|---------------------------------|
| Support | | | | | | | | | |
| Grants | | | | | | | | | |
| Federal | \$ 245,774 | | | | \$ 771 | \$ 77,786 | | | \$ 3,713 |
| State | 79,371 | | | | | 26,817 | | \$ 7,496 | |
| Local | 27,500 | | | | | | | | |
| Other support | | | | | | | | | |
| Utilization of contributed food | | | | | | | | | |
| Utilization of contributed professional services | | | | | | | | | |
| Utilization of contributed facilities | | | | | | | | | |
| Contributions | | | | | | | | | |
| Fees for services | | | | | | | | | |
| Other | | | | \$ 8,040 | | 2,000 | | | |
| Net assets released from restrictions: | | | | | | | | | |
| Satisfaction of program restrictions | \$ 63,259 | | | 1,621,378 | | | | | |
| Total unrestricted support (deficiency) | 63,259 | 352,645 | - | 1,629,418 | 771 | 106,603 | - | 7,496 | 3,713 |
| Expenses | | | | | | | | | |
| Salaries | 39,693 | 247,248 | | 31,481 | | 16,495 | | 2,407 | |
| Benefits | 12,573 | 39,967 | (50) | 7,752 | | 1,265 | | 382 | |
| Utilization of contributed food | | | | | | | | | |
| Utilization of contributed professional services | | | | | | | | | |
| Professional services | 1,585 | 596 | | 17,932 | 500 | 450 | | | |
| Contractual | | | | | | | | | |
| Maintenance - facilities | | | | | | | | | |
| Rent | 1,762 | 18,977 | | 5,002 | | | | 116 | |
| Services | | | | | | | | | |
| Utilization of contributed facilities | | | | | | | | | |
| Supplies | 915 | 2,430 | | 5,515 | | 1,140 | | 420 | |
| Travel and transportation | 85 | 42,481 | | 6,477 | | | | | |
| Insurance | 2,000 | 6,826 | | 32,330 | | 896 | | | |
| Benefits provided to community: | | | | | | | | | |
| Emergency assistance | 10,405 | | | | | | | | 7,564 |
| Food | 71 | | | 250 | | | | | |
| Medical | 4,449 | 6,317 | | | | 525 | | | |
| Utility payments | | | | 1,532,329 | | | | | |
| Weatherization | | | | | | 40,212 | | | |
| Housing assistance | | | | | | | | | |
| Other | | 3,657 | | 4,464 | | 2,317 | | | |
| Depreciation | | 2,980 | | 1,335 | | 460 | | | |
| Utilities, Telephone, Internet | 1,267 | 6,952 | | 4,511 | | | | | |
| Total unrestricted expenses | 74,805 | 378,831 | (50) | 1,649,378 | 500 | 63,760 | - | 3,325 | 7,564 |

| | | | | | | | | |
|--|----------|-----------|-------------|-------------|------------|-------------|----------|---------|
| Changes in unrestricted net assets | (11,536) | (26,186) | 50 | (19,960) | 271 | 42,843 | 4,171 | (3,851) |
| Other changes in unrestricted net assets: | | | | | | | | |
| Transfer in | 3,000 | 3,500 | | | | 78,229 | | 100 |
| Transfer out | | (8,500) | | (40,000) | (700) | (197) | | |
| Increase (decrease) in unrestricted net assets | (8,536) | (31,186) | 50 | (59,960) | (429) | 78,032 | 4,171 | (3,751) |
| Changes in temporarily restricted net assets | | | | | | | | |
| Support | | | | | | | | |
| Grants | | | | | | | | |
| Federal | 63,269 | | | 1,666,176 | | | | |
| State | | | | | | | | |
| Local | | | | | | | | |
| Net assets released from restrictions: | | | | | | | | |
| Satisfaction of program restrictions | (63,269) | | | (1,621,378) | | | | |
| Other changes in temporarily restricted net assets: | | | | | | | | |
| Transfer of buildings constructed with grant funds: | | | | | | | | |
| Transfer out from program constructing building | | | | | | (1,650,680) | | |
| Transfer in to program utilizing building | | | | | | | | |
| Increase (decrease) in temporarily restricted net assets | | | | 44,798 | | (1,650,680) | | |
| Increase (decrease) in net assets | (8,536) | (31,186) | 50 | (15,162) | (429) | 42,843 | 4,171 | (3,751) |
| Net assets at March 31, 2010 | 8,950 | 68,495 | (17,808) | 79,157 | (4,442) | 1,545,752 | (3,033) | 3,807 |
| Net assets at March 31, 2011 | \$ 414 | \$ 37,309 | \$ (17,758) | \$ 63,995 | \$ (4,871) | \$ 31,795 | \$ 1,138 | \$ 56 |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2011

21L

| | Summer Feeding Program | Emergency Shelter | Housing Department | Katrina Fund | Affordable Housing (Faith Place) | Isalah's House | Headstart ARRA | Weatherization Stimulus | CSBG-ARRA Stimulus | Total All Programs |
|--|------------------------|-------------------|--------------------|---------------|----------------------------------|----------------|----------------|-------------------------|--------------------|--------------------|
| Support Grants | | | | | | | | | | |
| Federal | | | | | | | | | | |
| State | | | \$ 110,005 | \$ 10,000 | | | | | \$ 333,011 | \$ 1,792,392 |
| Local | | | 8,363 | | | | | | | 254,096 |
| Other support | | | | | | | | | | 40,863 |
| Utilization of contributed food | | | | | | | | | | 48,652 |
| Utilization of contributed professional services | | | | | | | | | | 167,790 |
| Utilization of contributed facilities | | | | | | | | | | 5,498 |
| Contributions | | | | | | | | | | 26,889 |
| Fees for services | | | | | | | | | | 95,331 |
| Other | | | | | \$ 10,770 | \$ 4,226 | | \$ 4,000 | | 293,935 |
| Net assets released from restrictions: | | | | | | | | | | |
| Satisfaction of program restrictions | | | | | | | | 665,749 | | 6,913,509 |
| Total unrestricted support (deficiency) | 74,597 | 9,152 | 118,368 | 10,000 | 10,770 | 4,226 | 144,910 | 669,749 | 333,011 | 9,638,955 |
| Expenses | | | | | | | | | | |
| Salaries | 30,281 | | 58,826 | | | | 33,175 | 273,265 | 101,346 | 4,083,448 |
| Benefits | 3,575 | | 13,070 | | | | 2,655 | 84,804 | 15,540 | 739,119 |
| Utilization of contributed food | | | | | | | | | | 48,652 |
| Utilization of contributed professional services | | | | | | | | | | 167,790 |
| Professional services | | 500 | 2,167 | 5,400 | 1,768 | 1,500 | 9,344 | 17,309 | 40,592 | 197,823 |
| Contractual | | | | | | | | | | |
| Maintenance - facilities | | | | | | | | | | 46,466 |
| Rent | | | | | | | 27,988 | | | 37,113 |
| Services | 900 | 460 | 14,058 | 2,240 | 16,217 | 815 | 8,491 | | 6,700 | 451,129 |
| Utilization of contributed facilities | | | | | | | | | | 5,498 |
| Supplies | 4,279 | 370 | 11,844 | 1,034 | | | 33,533 | 1,616 | 77,726 | 334,937 |
| Travel and transportation | 270 | | | | | | 2,128 | 25,759 | 4,206 | 202,748 |
| Insurance | 2,000 | | 2,606 | | | | 2,000 | 15,801 | 24,863 | 211,595 |
| Benefits provided to community: | | | | | | | | | | |
| Emergency assistance | | 3,528 | | 4,591 | | | | | 13,476 | 42,676 |
| Food | 37,740 | | | | | | | | 11,062 | 295,215 |
| Medical | | | | | | | | 4,299 | | 34,184 |
| Utility payments | | | | | | | | | | 1,532,329 |
| Weatherization | | | | | | | | | | 271,266 |
| Housing assistance | | | 45,500 | | | | | 231,054 | | 112,080 |
| Other | 133 | 1,023 | 275 | 1,540 | 1,873 | 26 | | 4,506 | 38,352 | 125,283 |
| Depreciation | | | 5,600 | | | | 593 | 4,281 | 423 | 271,864 |
| Utilities, Telephone, Internet | | 4,032 | 3,149 | | | | 2,469 | 3,055 | 12,850 | 269,921 |
| Total unrestricted expenses | 79,178 | 9,913 | 157,095 | 14,805 | 19,858 | 2,341 | 122,595 | 665,749 | 353,450 | 9,481,136 |

| | | | | | | | | | | |
|--|----------|----------|-----------|----------|-------------|----------|----------|-----------|----------|--------------|
| Changes in unrestricted net assets | (4,581) | (761) | (38,727) | (4,805) | (9,088) | 1,885 | 22,315 | 4,000 | (20,439) | 157,819 |
| Other changes in unrestricted net assets: | | | | | | | | | | |
| Transfer in | 1,600 | | 21,587 | (14,100) | (1,000) | (2,000) | | | | 257,946 |
| Transfer out | | | (13,513) | | | | | | | (257,946) |
| Increase (decrease) in unrestricted net assets | (2,981) | (761) | (30,653) | (18,905) | (10,088) | (115) | 22,315 | 4,000 | (20,439) | 157,819 |
| Changes in temporarily restricted net assets | | | | | | | | | | |
| Support | | | | | | | | | | |
| Grants | | | | | | | | | | |
| Federal | | | | | | | | 400,861 | | 6,704,134 |
| State | | | | | | | | | | |
| Local | | | | | | | | | | |
| Net assets released from restrictions: | | | | | | | | | | |
| Satisfaction of program restrictions | | | | | | | | (665,749) | | (6,913,509) |
| Other changes in temporarily restricted net assets: | | | | | | | | | | |
| Transfer of buildings constructed with grant funds: | | | | | | | | | | |
| Transfer out from program constructing building | | | | | | | | | | (1,876,340) |
| Transfer in to program utilizing building | | | | | | | | | | 1,876,340 |
| Increase (decrease) in temporarily restricted net assets | | | | | | | | (264,888) | | (209,375) |
| Increase (decrease) in net assets: | (2,981) | (761) | (30,653) | (18,905) | (10,088) | (115) | 22,315 | (260,888) | (20,439) | (51,556) |
| Net assets at March 31, 2010 | 2,197 | 3,580 | 70,322 | 25,127 | (32,287) | 1,862 | (22,404) | 300,409 | 26,552 | 7,871,813 |
| Net assets at March 31, 2011 | \$ (784) | \$ 2,819 | \$ 39,669 | \$ 6,222 | \$ (42,375) | \$ 1,747 | \$ (89) | \$ 39,521 | \$ 6,113 | \$ 7,820,257 |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2011

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE | FEDERAL CFDA NUMBER | REVENUE RECOGNIZED | EXPENSES INCURRED |
|--|---------------------------|-----------------------|----------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through Louisiana Department of Education | | | |
| Child and Adult Care Food Program | 10.558 | \$ 494,062 | \$ 467,497 |
| Summer Food Service Program for Children (Summer Feeding Program) | 10.559 | 74,597 | 79,178 |
| Rural Business Enterprise Grants | 10.769 | <u>9,800</u> | <u>10,241</u> |
| Total U.S. Department of Agriculture | | <u>578,459</u> | <u>556,916</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Passed through Louisiana Department of Transportation and Development | | | |
| Job Access Reverse Commute | 20.516 | <u>245,774</u> | <u>275,774</u> |
| Total U.S. Department of Transportation | | <u>\$ 245,774</u> | <u>\$ 275,774</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Passed through Louisiana Department of Social Services Office of Community Services | | | |
| Passed through the St. Mary Parish Council | | | |
| Emergency Shelter Grants Program | 14.231 | \$ 9,152 | \$ 9,913 |
| Supportive Housing Program | 14.235 | <u>133,712</u> | <u>152,280</u> |
| Total U.S. Department of Housing and Urban Development | | <u>\$ 142,864</u> | <u>\$ 162,193</u> |
| <u>U.S. Department of Energy</u> | | | |
| Passed through Louisiana Housing Finance Agency (LHFA) | | | |
| Passed through Louisiana Association of Community Action Partnerships, Inc. (LACAP) | | | |
| Weatherization Assistance for Low-income Persons | 81.042 | \$ 77,786 | \$ 63,760 |
| ARRA - Weatherization Assistance for Low-income Persons | 81.042 | <u>400,861</u> | <u>665,749</u> |
| Total U.S. Department of Energy | | <u>\$ 478,647</u> | <u>\$ 729,509</u> |

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE | FEDERAL CFDA NUMBER | REVENUE RECOGNIZED | EXPENSES INCURRED |
|---|---------------------------|-----------------------|----------------------|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Healthy Marriage Promotion and Responsible Fatherhood Grants | 93.086 | \$ 295,727 | \$ 286,864 |
| Passed through the Louisiana Department of Education | | | |
| Temporary Assistance for Needy Families | 93.558 | 43,217 | 55,800 |
| Passed through LHFA | | | |
| Passed through LACAP | | | |
| Low income Home Energy Assistance | 93.568 | 1,666,176 | 1,649,378 |
| Passed through Louisiana Department of Labor | | | |
| Community Services Block Grant | 93.569 | 314,821 | 267,673 |
| ARRA - Community Serves Block Grant | 93.710 | 333,011 | 396,704 |
| Administration for Children and Families Head Start | 93.600 | 4,249,207 | 4,248,292 |
| ARRA - Head Start | 93.708 | <u>144,910</u> | <u>122,595</u> |
| Total U.S. Department of Health and Human Services | | <u>\$ 7,047,069</u> | <u>\$ 7,027,306</u> |
| <u>Department of Homeland Security</u> | | | |
| Emergency Food and Shelter National Board Program | 97.024 | <u>\$ 3,713</u> | <u>\$ 7,564</u> |
| Total Federal Emergency Management Agency | | <u>3,713</u> | <u>7,564</u> |
| Total Federal Financial Assistance | | <u>\$ 8,496,526</u> | <u>\$ 8,759,262</u> |

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2011

NOTE 1 - REPORTING METHOD

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

NOTE 2 - HEAD START

Reconciliation of expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards for Head Start Program Operations is as follows:

| | |
|--|------------------------|
| Total unrestricted expenses per financial statement | \$4,535,128 |
| Add: Fixed asset additions | 166,000 |
| Less: Depreciation expense | (230,896) |
| Contributions | (221,940) |
| Total expenses incurred per Schedule of Expenditures of Federal Awards | <u>\$4,248,292</u> |

NOTE 3 - COMMUNITY SERVICE BLOCK GRANT

Reconciliation of expenses incurred on the financial statements to expenses incurred on the Schedule of Expenditures of Federal Awards for Community Service Block Grant operations is as follows:

| | <u>CSBG</u> | <u>ARRA-CSBG</u> |
|--|----------------------|----------------------|
| Total unrestricted expenses per financial statement | \$269,213 | \$394,639 |
| Add: Fixed asset additions | | 2,538 |
| Less: Depreciation expense | (1,540) | (473) |
| Total expenses incurred per Schedule of Expenditures Of Federal Awards | <u>\$267,673</u> | <u>\$396,704</u> |

NOTE 4 - SUPPORTIVE HOUSING

Revenue and expenses for supportive housing programs as reported on the Schedule of Expenditures of Federal Awards, is reported in two funds as follows:

| | <u>Revenue</u> | <u>Expenses</u> |
|--|------------------|------------------|
| Transitional Housing | \$ 70,443 | \$ 77,475 |
| HUD Homeless | <u>63,269</u> | <u>74,805</u> |
| Total Revenue and Expenses recognized per Schedule of Expenditure of Federal Awards | <u>\$133,712</u> | <u>\$152,280</u> |

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE
AND OTHER MATTERS



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

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

We have audited the financial statements of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization) as of and for the year ended March 31, 2011, and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting.

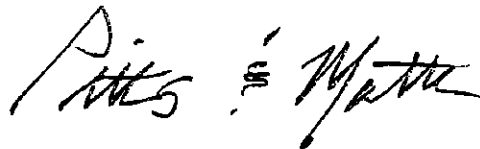
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Mary Community Action Committee Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management, awarding agencies, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011. The St. Mary Community Action Committee Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Mary Community Action Committee Association Inc.'s management. Our responsibility is to express an opinion on the St. Mary Community Action Committee Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Mary Community Action Committee Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the St. Mary Community Action Committee Association, Inc.'s compliance with those requirements.

In our opinion, St. Mary Community Action Committee Association, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011.

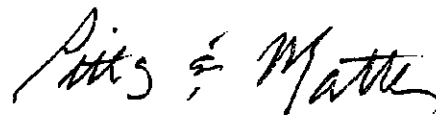
Internal Control Over Compliance

The management of St. Mary Community Action Committee Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. Mary Community Action Committee Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Mary Community Action Committee Association, Inc.'s internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, awarding agencies, and the Legislative Auditor of the State of Louisiana, and it not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
SCHEDULE OF FINDINGS, AND QUESTIONED COSTS
For the Year Ended March 31, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the St. Mary Community Action Committee Association, Inc.
2. No control deficiency was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the St. Mary Community Action Committee Association, Inc. were disclosed during the audit.
4. No findings were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Community Action Committee Association, Inc. expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to major federal award programs for the St. Mary Community Action Committee Association, Inc., are reported in Part C of this Schedule.
7. The five programs tested as major programs are:
 - A. Job Access Reverse Commute (CFDA No. 20.516)
 - B. Weatherization Assistance for Low-Income Persons including ARRA – Weatherization Assistance for Low-Income Persons (CFDA No. 81.042)
 - C. Low-Income Home Energy Assistance Program (CFDA No. 93.568)
 - D. Community Service Block Grant (CFDA No. 93.569) including ARRA-Community Service Block Grant (CFDA No. 93.710)
 - E. Head Start (CFDA No. 93.600) including Head Start ARRA (CFDA No. 93.708)
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Community Action Committee Association, Inc. was not determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NO MATTERS TO BE REPORTED

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

NO MATTERS TO BE REPORTED

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

NO MATTERS TO BE REPORTED