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**Cenla Community Action Committee, Inc.
Alexandria, Louisiana**

Financial Statements

**For the Years Ended March 31, 2004 and 2003
With Supplemental Information Schedules**

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 2-23-05

Cenla Community Action Committee, Inc.
Alexandria, Louisiana

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Independent Auditors' Report

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the accompanying statements of financial position of Cenla Community Action Committee, Inc., (a nonprofit organization) as of March 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Cenla Community Action Committee, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cenla Community Action Committee, Inc., as of March 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years 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 January 14, 2005 on our consideration of Cenla Community Action Committee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Cenla Community Action Committee, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 13–14, are presented for the purpose of additional analysis and are not a required part of the financial statements of Cenla Community Action Committee, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents and shown on pages 17–18 are presented for the purpose of providing various funding sources of Cenla Community Action Committee, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Cenla Community Action Committee, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously and shown on pages 17–18 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook & Morehart
Certified Public Accountants
January 14, 2005

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statements of Financial Position
 March 31, 2004 and 2003

Assets	2004	2003
Current assets:		
Cash	\$ 159,812	\$ 377,583
Grant receivables	407,261	238,353
Prepaid expenses	31,539	
Other assets	2,300	3,844
Due from other funds	168,724	126,939
Total current assets	769,636	746,719
Property and Equipment:		
Property and equipment	3,264,905	2,515,785
Accumulated depreciation	(1,431,412)	(1,333,320)
Net property and equipment	1,833,493	1,182,465
Total Assets	\$ 2,603,129	\$ 1,929,184
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 424,273	\$ 403,753
Accrued liabilities	197,612	170,593
Current portion of long-term debt	62,430	22,553
Due to other funds	168,724	126,939
Deferred revenue	22,418	22,418
Refundable advances	102,591	144,457
Total current liabilities	978,048	890,713
Long-term debt, less current portion	701,932	485,421
Total liabilities	1,679,980	1,376,134
Net assets:		
Unrestricted:		
Operating	(145,982)	(121,441)
Fixed assets	1,069,131	674,491
Total net assets	923,149	553,050
Total Liabilities and Net Assets	\$ 2,603,129	\$ 1,929,184

The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statements of Activities
 For the Years Ended March 31, 2004 and 2003

	Unrestricted	
	2004	2003
Revenues and Reclassifications:		
Contractual revenue - grants	\$ 7,392,351	\$ 7,592,121
Total revenues and reclassifications	7,392,351	7,592,121
Expenses:		
Head Start program	5,263,186	5,405,841
Early Head Start Program	544,171	356,720
Child care food program	544,972	505,750
Community services	501,889	412,865
Home energy assistance	34,156	713,459
TANF	5,406	27,209
Senior Citizens	51,290	51,131
Other general services	77,182	14,196
Total expenses	7,022,252	7,487,171
Changes in net assets	370,099	104,950
Net assets, beginning of year	553,050	448,100
Net assets, end of year	\$ 923,149	\$ 553,050

The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statements of Cash Flows
 For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating activities		
Changes in net assets	\$ 370,099	\$ 104,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	98,090	78,114
(Increase) decrease in operating activities:		
Grant receivables	(168,908)	44,836
Prepaid expenses	(31,539)	
Other assets	1,544	(1,544)
Increase (decrease) in operating liabilities:		
Accounts payable	(152,072)	210,779
Accrued liabilities	27,019	11,308
Deferred revenue		22,418
Refundable advances	(41,866)	(60,594)
	<u>102,367</u>	<u>410,267</u>
Investing Activities		
Payments for property and equipment	(144,496)	(315,892)
	<u>(144,496)</u>	<u>(315,892)</u>
Financing Activities		
Proceeds from long-term debt	56,337	
Repayments of long-term debt	(231,979)	(19,640)
	<u>(175,642)</u>	<u>(19,640)</u>
Net increase (decrease) in cash	<u>(217,771)</u>	<u>74,735</u>
Cash as of beginning of year	<u>377,583</u>	<u>302,848</u>
Cash as of end of year	<u>\$ 159,812</u>	<u>\$ 377,583</u>
Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ 53,364</u>	<u>\$ 47,061</u>
Schedule of noncash investing and financing transactions		
Acquisition of equipment / building		
Building loan	\$ 488,369	\$
Trade account payable	172,592	
Cost of equipment / building	(604,624)	
	<u>\$ 56,337</u>	<u>\$</u>

The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Cenla Community Action Committee, Inc., (CCAC) is a private non-profit organization incorporated under the laws of the State of Louisiana. CCAC is governed by a Board of Directors composed of members from Rapides Parish. CCAC operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Rapides Parish in Louisiana. CCAC administers the following programs, shown with their approximate percentage of revenues:

Head Start Program (75%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided through federal funds from the U. S. Department of Health and Human Services.

Early Head Start Program (9%) – Provides funding for low-income pregnant women and families with infants and toddlers to enhance children's physical, social, emotional and cognitive development; enable parents to be better caregivers of and teachers to their children; and help parents meet their own goals, including that of economic dependence. Funding is provided through federal funds from the U. S. Department of Health and Human Services.

Child Care Food Program (7%) – Provides a food service program in coordination with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (7%) – Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Home Energy Assistance Program (1%) – Provides assistance to low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

TANF (1%) – Provides assistance to low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Senior Citizens Program (1%) – Provides funding designed to meet various needs of the senior citizens of Rapides Parish. Funding is provided by an ad valorem tax passed through the Rapides Parish Police Jury.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 2004 and 2003
(Continued)

B. Basis of Accounting

The financial statements of CCAC have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

CCAC is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. However, income from certain activities not directly related to CCAC's tax-exempt purpose is subject to taxation as unrelated business income. CCAC had no such income for this audit period.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CCAC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. CCAC had *no cash equivalents at March 31, 2004 and 2003.*

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. The *Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency. CCAC has adopted a policy to capitalize all items with a unit cost of \$500 or greater.*

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 2004 and 2003
(Continued)

H. Retirement Obligations

CCAC participates in a 403(b) plan for its employees. Employees eligible to participate may contribute \$9,500 or 20% of their annual salary to the plan. CCAC will match the employees' contributions up to 3% of the employees gross wages. The amount contributed to the plan for the years ended March 31, 2004 and 2003 were \$97,480 and \$83,502, respectively.

I. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. *Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.*

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated *among the programs and supporting services benefited.*

(2) Concentrations of Credit Risk

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of March 31, 2004 and 2003, CCAC had no significant concentrations of credit risk in relation to grant receivables.

CCAC maintains cash balances at several financial institutions located in the Alexandria area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At March 31, 2004, total cash balances held at financial institutions was \$213,774. Of this amount, \$135,597 was secured by FDIC and \$78,177 was collateralized by pledged securities. At March 31, 2003, total cash balances held at financial institutions was \$501,483. Of this amount, \$311,196 was secured by FDIC, \$157,136 was collateralized by pledged securities and the remaining \$33,151 was not secured.

(Continued)

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Notes to Financial Statements
 March 31, 2004 and 2003
 (Continued)

(3) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at March 31, 2004 and 2003:

<u>Fund</u>	<u>2004</u>		<u>2003</u>	
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General funds	\$ 3,280	\$ 92,347	\$ 11,625	\$ 9,009
Head Start Program				
Child and Adult Care Food Program		11,064		94,757
Early Head Start		62,033	3,136	9,044
Senior Citizens		2,550	8,967	1,850
TANF		450	2,938	450
Liheap		280	5,475	280
	<u>\$ 168,724</u>	<u>\$ 168,724</u>	<u>\$ 126,939</u>	<u>\$ 126,939</u>

(4) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at March 31, 2004 and 2003, but received after that date.

(5) Property and Equipment

Property and equipment consisted of the following at March 31, 2004:

	<u>Estimated Life</u>	
Non-depreciable assets		\$ 217,817
Buildings	30 years	1,459,890
Furniture, fixtures, equipment	5 – 10 years	951,185
Vehicles	5 years	636,013
Accumulated depreciation		<u>(1,431,412)</u>
Net investment in property and equipment		<u>\$ 1,833,493</u>

Depreciation expense was \$98,090 for the year ended March 31, 2004.

Non-depreciable assets include vehicles purchased but not placed into service (\$172,592) and land (\$45,225).

(Continued)

Genla Community Action Committee, Inc.
 Alexandria, Louisiana
 Notes to Financial Statements
 March 31, 2004 and 2003
 (Continued)

Property and equipment consisted of the following at March 31, 2003:

	Estimated Life		
Land		\$	45,225
Construction in progress			245,457
Buildings	30 years		782,401
Furniture, fixtures, equipment	5-10 years		892,663
Vehicles	5 years		550,039
Accumulated depreciation			<u>(1,333,320)</u>
Net investment in property and equipment		\$	<u>1,182,465</u>

Depreciation expense was \$78,114 for the year ended March 31, 2003.

(6) *Refundable Advances*

CCAC records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) *Accrued Liabilities*

Accrued liabilities at March 31, 2004 and 2003 consisted of the following:

	2004	2003
Accrued payroll	\$ 158,907	\$ 100,624
Payroll taxes payable	<u>38,705</u>	<u>69,969</u>
	<u>\$ 197,612</u>	<u>\$ 170,593</u>

(8) *Unrestricted, Operating Net Assets*

Included in unrestricted, operating net assets at March 31, 2004 and 2003 are the following program balances:

	2004	2003
Senior Citizens Program	\$ 49,786	\$ 30,480
TANF	(350)	-
Head Start	-	(151,367)
General Services	<u>(195,418)</u>	<u>(554)</u>
	<u>\$(145,982)</u>	<u>\$(121,441)</u>

(Continued)

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Notes to Financial Statements
 March 31, 2004 and 2003
 (Continued)

(9) Contractual Revenue – Grants

During the years ended March 31, 2004 and 2003, CCAC received contractual revenue from federal and state grants in the amount of \$7,392,351 and \$7,592,121, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Long-term Debt

Long-term debt at March 31, 2004 and 2003 consisted of the following:

	2004	2003
Note payable to a bank, due in monthly installments of \$3,058.49, including interest of 9.0%, with one final installment on February 25, 2008, secured by agency buildings.	\$ 55,734	\$ 277,570
 Note payable to a bank, due in monthly installments of \$2,500.00, including interest of 8.75%, with one final installment on December 14, 2007, secured by agency buildings.	 220,259	 230,404
 Note payable to a bank, due in monthly installments of \$4,558.19, including interest of 7.5%, with one final installment on March 23, 2014, secured by agency buildings.	 <u>488,369</u>	 <u>–</u>
	<u>764,362</u>	<u>507,974</u>
Less current installments on long-term debt	(62,430)	(22,553)
	<u>\$ 701,932</u>	<u>\$ 485,421</u>

Approximate maturities of long-term debt are summarized as follows:

For the Year Ending <u>March 31,</u>	Approximate <u>Amount</u>
2005	\$ 62,430
2006	54,566
2007	34,518
2008	206,141
2009	24,606
Thereafter	<u>382,101</u>
	<u>\$ 764,362</u>

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 2004 and 2003
(Continued)

(11) Leases

The agency leases several buildings and certain equipment under operating leases. The rental costs on these items for the years ended March 31, 2004 and 2003, were \$87,878 and \$86,904, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>Year Ended March 31</u>	<u>Amount</u>
2005	\$ 1,200

(12) Contingency

Employees of the agency are entitled to paid vacation and sick days depending on job classification, length of service, and other factors. The Agency will pay one year accumulative annual leave, not to exceed one hundred forty-four hours, if funds are available. Accordingly, no liability has been recorded in the accompanying statement of financial position. The agency's policy is to recognize the costs of compensated absences when actually paid. The agency estimates the liability for compensated absences earned by employees but not yet taken as of March 31, 2004, to be approximately \$168,734.

(13) Subsequent event

On December 15, 2004, CCAC obtained an additional loan, in the amount of \$188,262, on a Head Start building that was constructed during the year ended March 31, 2004.

Cenia Community Action Committee, Inc.
 Alexandria, Louisiana
 Combining Schedule of Financial Position
 March 31, 2004

Assets	Head Start Program	Early Head Start Program	Child Care Food Program	Community Service	Home Energy Assistance	TANF	Senior Citizens	Other General Services	Total
Current assets:									
Cash	\$ 116,291	\$ 4,477	\$ 6,990	\$ 18,084	\$ 3,272	\$ 100	\$ 52,507	\$ (41,909)	\$ 159,812
Grant receivables	196,576	136,939	71,396	2,350					407,261
Prepaid expenses	31,539								31,539
Other assets	2,300								2,300
Due from other funds	165,444							3,280	168,724
Total current assets	512,150	141,416	78,386	20,434	3,272	100	52,507	(38,629)	769,536
Property and equipment:									
Property and equipment	2,573,956	417,375	5,477	109,666	10,821	9,200		138,410	3,264,905
Accumulated depreciation	(1,270,960)	(48,435)	(4,199)	(102,266)	(3,373)	(2,179)			(1,431,412)
Net property & equipment	1,302,996	368,940	1,278	7,400	7,448	7,021		138,410	1,833,493
Total Assets	\$ 1,815,146	\$ 510,356	\$ 79,664	\$ 27,834	\$ 10,720	\$ 7,121	\$ 52,507	\$ 99,781	\$ 2,603,129
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 367,922	\$ 9,459	\$ 37,153	\$ 6,248	\$	\$	\$ 171	\$ 3,320	\$ 424,273
Accrued liabilities	106,349	6,494	30,169	14,186	1,710			38,704	197,612
Current portion of long-term debt	62,430								62,430
Due to other funds		62,033	11,064		280	450	2,550	92,347	168,724
Deferred revenue	37,879	63,430			1,282			22,418	102,591
Refundable advances	574,580	141,416	78,386	20,434	3,272	450	2,721	156,789	978,048
Total current liabilities	701,932								701,932
Long-term debt, less current portion									
Total liabilities	1,276,512	141,416	78,386	20,434	3,272	450	2,721	156,789	1,679,980
Net assets:									
Unrestricted:									
Operating	538,634	368,940	1,278	7,400	7,448	7,021	49,786	(195,418)	(145,982)
Fixed assets								138,410	1,069,131
Total net assets	538,634	368,940	1,278	7,400	7,448	6,671	49,786	(57,008)	923,149
Total Liabilities and Net Assets	\$ 1,815,146	\$ 510,356	\$ 79,664	\$ 27,834	\$ 10,720	\$ 7,121	\$ 52,507	\$ 99,781	\$ 2,603,129

Cenia Community Action Committee, Inc.
 Alexandria, Louisiana
 Combining Schedule of Activities
 For the Year Ended March 31, 2004

	Head Start Program	Early Head Start Program	Child Care Food Program	Community Service	Home Energy Assistance	TANF	Senior Citizens	Other General Services	Total
Revenues									
Contractual revenue - grants	\$ 5,515,925	\$ 692,649	\$ 543,877	\$ 495,208	\$ 40,291	\$ 12,077	\$ 70,596	\$ 20,728	\$ 7,392,351
Total revenues	5,515,925	692,649	543,877	495,208	40,291	12,077	70,596	20,728	7,392,351
Expenses									
Salaries	3,213,987	289,412	313,125	290,807	27,243	2,890			4,137,464
Fringe benefits	950,278	53,290	79,353	57,372	4,349	337	187	530	1,145,696
Travel	119,837	14,921	6,070	17,208			395	2,547	160,978
Equipment	49,852	1,878	24,280	7,352			50	52,202	135,614
Occupancy	218,570	79,438	7,455	10,926			498	371	317,258
Telephone	27,475	2,648		8,422			68	42	38,655
Insurance	39,736	4,833		3,896					48,465
Vehicle operation	63,299								63,299
Office expense	61,486	12,033	1,594	4,851			1,662	731	82,357
Professional services	43,155	8,169	1,729	1,522			203		54,778
Food and related supplies	204,200	6,311	109,905	68,044				8,403	396,863
Miscellaneous	202,569	53,409	366	17,450			11	3,966	277,771
Client assistance payments				8,358			48,216	8,390	64,964
Depreciation	68,742	17,829	1,095	5,681	2,564	2,179			98,090
Total expenses	5,263,186	544,171	544,972	501,889	34,156	5,406	51,290	77,182	7,022,252
Change in net assets	252,739	148,478	(1,095)	(5,681)	6,135	6,671	19,306	(56,454)	370,099
Net assets, beginning of year	285,895	220,462	2,373	13,081	1,313		30,480	(554)	553,050
Net assets, end of year	\$ 538,634	\$ 368,940	\$ 1,278	\$ 7,400	\$ 7,448	\$ 6,671	\$ 49,786	\$ (57,008)	\$ 923,149

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended March 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u> Emergency Food and Shelter	97.024	Unknown	\$ 11,939
<u>U.S. Department of Agriculture</u> Passed through Louisiana Department of Education: Child and Adult Care Food Program (Head Start and Early Head Start)	10.558	N/A	543,877
<u>U.S. Department of Health and Human Services</u> Head Start Early Head Start (Fy 8-31-03)	93.600 93.600	06CH5002/38 06YC0555/05	6,224,108 238,125
Passed through Louisiana Department of Labor Community Services Block Grant (2002N0014) Community Services Block Grant (2003N0014) Community Services Block Grant (2004N0014)	93.569 93.569 93.569	2002N0014 2003N0014 2004N0014	3,782 432,934 72,219
Passed through Louisiana Housing Finance Agency Home Energy Assistance Program (9-30-03) Home Energy Assistance Program (9-30-04) Temporary Assistance to Needy Families	93.568 93.568 93.558	Unknown Unknown Unknown	23,852 16,440 12,427
Total U.S. Department of Health and Human Services			<u>7,023,887</u>
Total Federal Expenditures			<u>\$ 7,579,703</u>

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**Supplemental Schedules Prepared for
Grants and Contracts Analysis**

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Head Start Grant No. D6CH5002/38
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenses and Changes in Fund Balance
 For the Contract Period: April 1, 2003 to March 31, 2004

Revenues:	<u>Budget</u>	<u>Actual</u>	<u>COB Balances Current Year</u>
Department of Health & Human Services	\$ 6,224,108	\$ 6,224,108	
Grantee's contribution	1,556,027	1,556,027	
Total revenue	<u>7,780,135</u>	<u>7,780,135</u>	
Expenses:			
Personnel	3,527,708	3,380,387	\$ 147,321
Fringe benefits	900,206	979,085	(78,879)
Travel	77,709	99,625	(21,916)
Equipment	297,212	297,212	
Supplies	243,868	276,244	(32,376)
Contractual	54,711	67,102	(12,391)
Facilities/Construction	220,217	220,217	
Other	902,477	904,236	(1,759)
	<u>6,224,108</u>	<u>6,224,108</u>	
Grantee's share of inkind contributions	<u>1,556,027</u>	<u>1,556,027</u>	
Total all expenses	<u>\$ 7,780,135</u>	<u>7,780,135</u>	
Revenue over (under) expenses			
Fund balance, beginning April 1, 2003		<u>32,676</u>	
Fund balance, ending March 31, 2004		<u>\$ 32,676</u>	

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Early Head Start Grant No. 06YC0555/05
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenses and Changes in Fund Balance
 For the Contract Period: September 1, 2002 to August 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>COB Balances Current Year</u>
Revenues			
Department of Health & Human Services	\$ 417,751	\$ 417,751	
Grantee's contribution	104,438	104,438	
Total revenue	<u>522,189</u>	<u>522,189</u>	
Expenditures:			
Personnel	254,919	240,197	\$ 14,722
Fringe benefits	89,401	44,223	45,178
Travel	7,000	9,493	(2,493)
Supplies	14,594	51,893	(37,299)
Contractual	4,000	5,278	(1,278)
Other	47,837	66,667	(18,830)
	<u>417,751</u>	<u>417,751</u>	
Grantee's share	<u>104,438</u>	<u>104,438</u>	
Total all expenditures	<u>\$ 522,189</u>	<u>522,189</u>	
Revenue over (under) expenditures			
Fund balance, beginning September 1, 2002		<u>62,736</u>	
Fund balance, ending August 31, 2003		<u>\$ 62,736</u>	

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Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the financial statements of Cenla Community Action Committee, Inc. as of and for the year ended March 31, 2004, and have issued our report thereon dated January 14, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether Cenla Community Action Committee, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cenla Community Action Committee, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cenla Community Action Committee, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-B1, 2004-B2, and 2004-C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2004-B1 to be a material weakness.

In addition, we noted certain other matters involving the internal control over financial reporting that we have reported to the management of Cenla Community Action Committee, Inc., in a separate management letter dated January 14, 2005.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
January 14, 2005

COOK & MOREHART

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Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Compliance

We have audited the compliance of Cenla Community Action Committee, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2004. Cenla Community Action Committee, 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 Cenla Community Action Committee, Inc.'s management. Our responsibility is to express an opinion on Cenla Community Action Committee, 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 Cenla Community Action Committee, 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 Cenla Community Action Committee, Inc.'s compliance with those requirements.

As described in item 2004-C2 in the accompanying schedule of findings and questioned costs, Cenla Community Action Committee, Inc. did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Head Start and Early Head Start programs. Compliance with such requirements is necessary, in our opinion, for Cenla Community Action Committee, Inc. to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Cenla Community Action Committee, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

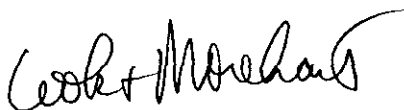
Internal Control Over Compliance

The management of Cenla Community Action Committee, 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 Cenla Community Action Committee, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Cenla Community Action Committee, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 2004-C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
January 14, 2005

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summary Schedule of Prior Audit Findings
March 31, 2004

There were no findings or questioned costs for the previous audit period ended March 31, 2003.

Schedule of Findings and Questioned Costs
March 31, 2004

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Cenla Community Action Committee, Inc.
2. Two reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. One of the conditions is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Cenla Community Action Committee, Inc. were disclosed during the audit.
4. One reportable condition is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for Cenla Community Action Committee, Inc. expresses a *qualified opinion*.
6. Audit findings relative to the major federal award programs for Cenla Community Action Committee, Inc. are reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program and Early Head Start Program CFDA #93.600.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Cenla Community Action Committee, Inc. qualified as a low-risk auditee.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Schedule of Findings and Questioned Costs
March 31, 2004
(Continued)

B. Findings – Financial Statements Audit:

2004-B1 MATERIAL WEAKNESS

Condition and Effect: As discussed in Finding 2004-C1, the Organization's Head Start program over obligated the grant funds, in excess of the grant award, for the year ended March 31, 2004. In order to correct the over obligation of grant funds, the Organization had to obtain approval from the grantor to increase the construction loan on a Head Start building that was constructed during the year ended March 31, 2004.

2004-B2 REPORTABLE CONDITION

Condition: Reimbursement to the payroll account by the various programs were in excess of actual amounts expended by the payroll account for payroll related items. Significant additional audit time was required to analyze the payroll account, and audit entries had to be made to correct the accounts.

Cause: There was not an adequate monitoring of the payroll process to ensure transfers to payroll account and subsequent disbursements were made for the correct amounts.

Recommendation: We recommend that payroll reimbursements prepared by the payroll clerk be reviewed by the finance director for each payroll. We also recommend that the payroll fund's general ledger be maintained on a current basis and be reviewed monthly by the finance director to ensure all transfers and payments are being made in the correct amounts.

Response: The payroll account will be reviewed and reconciled monthly to ensure transfers from various programs will not exceed the actual amount expended for payroll related items.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Schedule of Findings and Questioned Costs
March 31, 2004
(Continued)

C. Findings and Questioned Costs – Major Federal Award Programs Audit :

2004-C1 MATERIAL WEAKNESS

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start Program CFDA #93.600

Condition and Effect: The Organization's Head Start program over obligated the grant funds, in excess of the grant award, for the year ended March 31, 2004. In order to correct the over obligation of grant funds, the Organization had to obtain approval from the grantor to increase the construction loan on a Head Start building that was constructed during the year ended March 31, 2004.

Cause: The Organization did not have an adequate financial management system in place to provide effective control over budgeted amounts for the Head Start program. The Head Start grant funds for the year ended March 31, 2004 were not monitored adequately during the year.

Recommendation: We recommend the following:

- (1) Existing budgets be reviewed to determine if amounts budgeted are adequate for actual expenditures.
- (2) Budgetary financial reports be prepared and analyzed on a monthly basis by the Fiscal Officer.

Response: The Agency has reorganized its financial management system to include designating a new fiscal officer effective October 26, 2004, reconciling monthly financial expenditure reports with Payment Management System drawdowns, and generating more accurate as well as timely reports through the effective use of financial software. The new fiscal officer has the managerial skills and expertise to properly supervise fiscal staff and to monitor and safeguard Agency funds.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Schedule of Findings and Questioned Costs
March 31, 2004
(Continued)

2004-C2 FINDING

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start and Early Head Start Programs CFDA #93.600

Statement of Condition: During our audit, we noted that the agency had not performed a physical inventory during the past two years.

Criteria: OMB Circular A-133 Compliance Supplement, Part 3, Section F, "Equipment and Real Property Management" states that a physical inventory of equipment acquired under federal awards shall be taken at least once every two years and reconciled to the equipment records.

Effect of Condition: Agency was not in compliance with the equipment requirements for its major programs.

Cause: Adequate controls were not in place to ensure compliance with this requirement.

Recommendation: We recommend that the agency establish adequate controls to ensure compliance with the equipment and real property management requirements, including performing a physical inventory at least once every two years and reconciling the results of the physical inventory to the equipment records.

Response: The Agency will establish adequate controls to ensure compliance with the equipment and real property management requirements. A physical inventory will be completed and reconciled with the Agency's equipment records within the next 30 days. Thereafter, the physical inventory will be updated annually.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
March 31, 2004

Prior year management letter comments are addressed below:

Comment #1: Fixed Assets

See finding in current year audit.

Comment #2: Reconciliation of Payroll Tax Reports

See repeat management letter comment in current year audit.

Comment #3: Expense Allocations

See repeat management letter comment in current year audit.

Comment #4: Authorizations for Deductions

Improvement noted.

Comment #5: Cash Management

Improvement noted.

Comment #6: CSBG File Exam

Improvement noted.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
March 31, 2004

Current year findings for the year ended March 31, 2004, are described in the accompanying Schedule of Findings and Questioned Costs.

The corrective action plan for the management letter comments for the year ended March 31, 2004 are addressed below:

Comment #1: Bank Reconciliations

There was no evidence that the bank reconciliations were reviewed by a responsible individual or agreed to the general ledger on a monthly basis.

On a monthly basis, the fiscal officer will receive unopened bank statements, review the bank statements prior to and after reconciliations and ensure the balances reconcile to the general ledger.

Comment #2: Lease Agreements

We noted that information pertaining to the various leases paid during the year was not readily available.

Lease agreements have been placed in a central file and will be updated annually.

Comment #3: Travel Reconciliations

Reconciliations of travel advances to actual travel expenditures were not completed on a timely basis, and amounts due from employees were not remitted and deposited on a timely basis.

Travel advances will be reconciled upon immediate return from travel. Reconciliations will reflect timely remittance and deposits due from employees.

Comment #4: Expense Allocations

The Agency's cost allocation plan used in allocating costs to the various programs of the Agency, include salaries and fringe benefits, had not been updated in several years.

The cost allocation plan will be reviewed and updated annually.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
March 31, 2004
(Continued)

Comment #5: Reconciliation of Payroll Tax Reports

The Agency was not reconciling the 941 payroll tax reports to the amounts recorded in the general ledgers.

The Agency is currently reconciling its payroll tax reports to the general ledgers on a quarterly basis.

Comment #6: Late Submission of Audit Report

The Agency did not submit its audit report within six months after the end of the fiscal year as required by state law.

The Agency will make every effort to submit subsequent audit reports within six months after the end of the fiscal year.

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Management Letter

January 14, 2005

The Board of Directors of the
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Attention: Joan Lee, Executive Director

We have audited the financial statements of Cenla Community Action Committee, Inc. (CCAC), for the year ended March 31, 2004, and have issued our report thereon dated January 14, 2005. In planning and performing our audit of the financial statements of Cenla Community Action Committee, Inc., we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of CCAC. These comments have been discussed with the appropriate members of management.

Comment #1: Bank Reconciliations

During our audit of cash, we noted that there was no evidence that the bank reconciliations were reviewed by a responsible individual or agreed to the general ledger on a monthly basis.

We recommend that the fiscal officer receive the bank statements unopened from the bank and review the statements prior to the accountant's reconciliation of the accounts. We also recommend that the fiscal officer review the completed bank reconciliations and agree reconciled balances to the general ledgers on a monthly basis.

Comment #2: Lease Agreements

During our audit, we noted that information pertaining to the various leases paid during the year was not readily available.

We recommend that all lease agreements be placed in a central file and updated on a regular basis.

Comment #3: Travel Reconciliations

During our audit, we noted that reconciliations of travel advances to actual travel expenditures were not completed on a timely basis, and amounts due from employees were not remitted and deposited on a timely basis.

We recommend that all travel advances be reconciled promptly upon return from travel, and that amounts due from employees be remitted and deposited at that time.

Comment #4: Expense Allocations

During our audit, we noted that the agency's cost allocation plan used in allocating costs to the various programs of the agency, include salaries and fringe benefits, had not been updated in several years.

We recommend that the agency review and update its cost allocation plan on a regular basis.

Comment #5: Reconciliation of Payroll Tax Reports

During our audit, we noted that the agency was not reconciling the 941 payroll tax reports to the amounts recorded in the general ledgers.


We recommend that the agency reconcile payroll tax reports to the general ledgers on a quarterly basis.

Comment #6: Late Submission of Audit Report

The Agency did not submit its audit report within six months after the end of the fiscal year as required by state law.

We recommend that the Agency submit its audit report within six months after the end of the fiscal year as required by state law.

We express sincere thanks to CCAC personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



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