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**Quad Area Community Action Agency, Inc.
Hammond, Louisiana**

Financial Statements With Auditors' Report

**As of and for the Years Ended December 31, 1998 and 1997
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 audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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Hammond, Louisiana
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Independent Auditors' Report

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

We have audited the accompanying statements of financial position of Quad Area Community Action Agency, Inc. (a nonprofit organization) as of December 31, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Quad Area Community Action Agency, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Quad Area Community Action Agency, Inc. as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 1999 on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Quad Area Community Action Agency, 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 information schedules shown on pages 15-18, are presented for the purpose of additional analysis and are not a required part of the financial statements of Quad Area Community Action Agency, 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 For Grants and Contracts Analysis" in the table of contents and shown on pages 20-35, are presented for the purpose of providing various funding sources of Quad Area Community Action Agency, 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 Quad Area Community Action Agency, 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 on pages 20-35 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 they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart
Certified Public Accountants
May 21, 1999

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Financial Position
December 31, 1998 and 1997

Assets	<u>1998</u>	<u>1997</u>
<i>Current assets:</i>		
Cash	\$ 19,617	\$ 37,675
Grant receivables	180,537	60,284
Other receivables	19,482	34,842
Due from other funds	<u>159,643</u>	<u>100,604</u>
Total current assets	379,279	233,405
Property and equipment	690,284	555,359
Accumulated depreciation	<u>(301,752)</u>	<u>(247,910)</u>
Net property and equipment	<u>388,532</u>	<u>307,449</u>
Total Assets	<u><u>\$ 767,811</u></u>	<u><u>\$ 540,854</u></u>
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 124,696	\$ 11,323
Accrued liabilities	41,789	22,486
Due to other funds	159,643	100,604
Current portion of long-term debt	8,884	18,385
Refundable advances	<u>62,795</u>	<u>89,145</u>
Total current liabilities	<u>397,807</u>	<u>241,943</u>
Long-term debt	<u>19,318</u>	<u>9,466</u>
Total liabilities	<u>417,125</u>	<u>251,409</u>
<i>Net assets:</i>		
<i>Unrestricted:</i>		
Operating	(9,645)	9,847
Fixed assets	<u>360,331</u>	<u>279,598</u>
Total net assets	<u>350,686</u>	<u>289,445</u>
Total liabilities and Net Assets	<u><u>\$ 767,811</u></u>	<u><u>\$ 540,854</u></u>

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Activities
For the Years Ended December 31, 1998 and 1997

	Unrestricted	
	1998	1997
<i>Revenues and Other Support:</i>		
Contractual revenue - grants	\$ 3,954,209	\$ 3,044,217
Fees earned	58,100	49,324
Miscellaneous revenues	136,344	41,653
	<hr/>	<hr/>
Total revenues and other support	4,148,653	3,135,194
	<hr/>	<hr/>
<i>Expenses:</i>		
Home energy assistance	1,231,285	644,334
Community services	832,061	817,357
Weatherization assistance	191,450	201,548
Head start program	706,793	620,165
Child Nutrition	89,957	90,591
Summer child care services	240,853	211,251
Family Preservation	6,167	
Foster grandparents program	278,241	252,402
Retired senior volunteer program	46,349	41,596
Commodities distribution	83,791	60,049
Emergency assistance	32,091	28,885
Drug-free and literacy education	64,862	26,700
Emergency shelter grants	19,087	40,612
Medicaid application services	104,980	44,163
General services	159,445	132,464
	<hr/>	<hr/>
Total expenses	4,087,412	3,212,117
	<hr/>	<hr/>
Changes in net assets	61,241	(76,923)
	<hr/>	<hr/>
Net assets, beginning of year	289,445	366,368
	<hr/>	<hr/>
Net assets, end of year	\$ 350,686	\$ 289,445
	<hr/> <hr/>	<hr/> <hr/>

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 1998 and 1997

Operating Activities	1998	1997
Change in net assets	\$ 61,241	\$ (76,923)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	66,244	66,762
Loss on retirement of property and equipment		1,781
(Increase) decrease in operating assets:		
Grant receivables	(120,253)	9,398
Other receivables	15,360	(30,725)
Increase (decrease) in operating liabilities:		
Accounts payable	113,373	(6,142)
Accrued liabilities	19,303	4,424
Refundable advances	(26,350)	35,443
Net cash provided by operating activities	128,918	4,018
 Investing Activities		
Proceeds from retirement of property and equipment		6,800
Payments for property and equipment	(147,327)	(19,337)
Net cash used in investing activities	(147,327)	(12,537)
 Financing Activities		
Proceeds from notes payable	23,420	
Repayments of long-term debt	(23,069)	(13,067)
Net cash provided by (used in) financing activities	351	(13,067)
 Net increase (decrease) in cash	(18,058)	(21,586)
 Cash as of beginning of year	37,675	59,261
 Cash as of end of year	\$ 19,617	\$ 37,675
 Supplemental disclosures:		
Cash paid for interest was \$2,449 in 1998 and \$3,117 in 1997.		
 Non-cash investing and financing transaction:		
Acquisition of vehicle		
Cost of vehicle, net of trade-in	\$ 9,378	\$ 17,737
Gain on trade-in	(922)	(4,237)
Vehicle loan	23,420	(13,500)

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Quad Area Community Action Agency, Inc. (QACAA) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. QACAA is governed by a Board of Directors from the different parishes that QACAA serves. QACAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in the following parishes of Louisiana: Ascension, East Feliciana, West Feliciana, Livingston, St. Helena, Tangipahoa, and Washington. The following programs, with their approximate percentage of total revenues indicated, are administered by QACAA:

Home Energy Assistance (30%) – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Community Services Block Grant (20%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Weatherization Assistance (5%) – Weatherizes (insulates) the dwellings of low-income persons, particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Head Start Program (18%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Nutrition (2%) – Operates a Child and Adult Care Food Program in coordination with the Head Start Program and the Summer Child Care Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

Foster Grandparents Program (7%) – Sets up projects which provide one-on-one help to children with special needs or exceptional needs in health, education, welfare and related settings. Foster grandparents must be low-income persons at least 60 years of age. Funding is provided by federal funds from the U.S. Agency The Corporation For National Service.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

Summer Child Care Services (6%) – Provides quality child care during the summer months to children identified by the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Family Preservation (.1%) – Provides for community development of collaboration initiatives designed to increase networking, community planning, cross agency communication and needs assessments. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

RSVP Program (1%) – Provides opportunities for retired persons to volunteer their services in order to remain physically and mentally active. Funding is provided by federal funds from the U.S. Agency The Corporation For National Service.

Commodities Distribution (2%) – Provides distribution of U.S.D.A. donated commodities to eligible persons in the community. Funding is provided by federal funds passed through the Louisiana Department of Agriculture and Forestry.

Emergency Assistance (.1%) – Provides emergency food and shelter in areas of high need through-out the community to persons based upon their unemployment or poverty status. Funding is provided by federal funds passed through a local United Way Agency.

Drug-Free and Literacy Education (2%) – Operates a program in which at-risk youth will learn about the effects of drugs and alcohol use, the reason why drugs and alcohol are harmful, and ways to resist pressure to abuse drugs and alcohol, and develop programs and activities to meet the needs of welfare to work and undereducated non adolescent adult students to help prepare them for entering the work force. Funding is provided by federal funds passed through the Louisiana Department of Education.

Emergency Shelter Grants Program (.1%) – Provides funds to meet costs for building rehabilitation, operational/maintenance expenses, and essential services in connection with emergency shelter of homeless persons, as well as costs of eligible homeless prevention activities through two Emergency Shelter Grants funded with federal HUD funds passed through the Parishes of Ascension and Tangipahoa, State of Louisiana.

Medicaid Application Services (2%) – Provides the service to eligible individuals of processing their Medicaid applications. Funding is provided by a unit rate contract with the Louisiana Department of Health and Hospitals.

General Services (5%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

B. Basis of Accounting

The financial statements of QACAA 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 Taxes

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA 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, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 1998 or 1998.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of \$500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

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.

H. 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.

I. Functional Allocation of Expenses

The costs of providing the various programs and 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

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC up to \$100,000 at each bank. At December 31, 1998 and 1997 there were no amounts that were not FDIC insured or collateralized by pledged securities.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 1998 and 1997, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 1998 and 1997, but not received until after that date.

(4) Due To and Due From Other Funds

Fund	1998		1997	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Unrestricted	\$ 149,506	\$ 109,612	\$ 31,197	\$ 67,380
Restricted Funds:				
Child and Adult Care Food Program	11		1,100	1,765
Weatherization Assistance		7,320	9,406	10,088
Home Energy Assistance			735	737
Head Start Program			41,866	262
Summer Child Care		1,797	1,765	3,552
Drug-Free and Literacy Education	-	12,567	-	13,025
Emergency Shelter Grants Program	-	3,692	-	3,795
Medicaid Application Services	10,126	24,655	14,535	-
	<u>\$ 159,643</u>	<u>\$ 159,643</u>	<u>\$ 100,604</u>	<u>\$ 100,604</u>

(5) Refundable Advances

QACAA 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.

(6) Unrestricted Operating Net Assets

Unrestricted operating net assets at December 31, 1998 and 1997, are detailed by individual program as follows:

	1998	1997
Commodities Distribution	\$	\$ 4
Medicaid Application Services	(4,626)	37,144
General Services	(5,019)	(27,301)
	<u>\$(9,645)</u>	<u>\$ 9,847</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

(7) Property and Equipment

An analysis of the property and equipment at December 31, 1998 is as follows:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings and Improvements	20 – 30 years	\$ 265,428	\$ –	\$ 265,428
Furniture and equipment	5 – 7 years	260,821	16,491	277,312
Vehicles	5 years	97,119	50,425	147,544
Accumulated depreciation		<u>(281,511)</u>	<u>(20,241)</u>	<u>(301,752)</u>
Net investment in plant		<u>\$ 341,857</u>	<u>\$ 46,675</u>	<u>\$ 388,532</u>

Depreciation expense for the year ended December 31, 1998 was \$66,244.

An analysis of the property and equipment at December 31, 1997 is as follows:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings and Improvements	20 – 30 years	\$ 192,824	\$ –	\$ 192,824
Furniture and equipment	5 – 7 years	244,345	15,591	259,936
Vehicles	5 years	63,328	39,271	102,599
Accumulated depreciation		<u>(226,999)</u>	<u>(20,911)</u>	<u>(247,910)</u>
Net investment in plant		<u>\$ 273,498</u>	<u>\$ 33,951</u>	<u>\$ 307,449</u>

Depreciation expense for the year ended December 31, 1997 was \$66,762.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

(8) Long-term Debt

Long-term debt at December 31, 1998 and 1997 consisted of the following:

	1998	1997
Note payable to a bank, due in monthly installments of \$327.42 including interest at 7.50%, secured by a vehicle; final payment due August 20, 2001	\$ 9,467	\$ 12,310
Note payable to a finance company, due in monthly installments of \$485.60 including interest at 13.5%, secured by a vehicle; final payment is a balloon due February 23, 1998	-	15,541
Note payable to a bank, due in monthly installments of \$579.59 including interest at 8.65%, secured by a vehicle; final payment due January, 2002	18,735	-
Total Debt	28,202	27,851
Less current installments on long-term debt	(8,884)	(18,385)
Non-current portion of long-term debt	\$ 19,318	\$ 9,466

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

For the Year Ending December 31,	Approximate Amount
1999	\$ 8,884
2000	9,642
2001	9,140
2002	536
	\$ 28,202

Interest expense on these notes for the years ended December 31, 1998 and 1997 was \$2,449 and \$3,117.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

(9) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 1998 and 1997 were \$56,179 and \$53,433.

(10) Contractual Revenue – Grants

During the year ended December 31, 1998 and 1997, QACAA received contractual revenue from federal and state grants in the amount of \$3,954,209 and \$3,044,217, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(11) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or *renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties.* Rental costs on these items for the years ended December 31, 1998 and 1997, were as follows:

	1998	1997
Buildings	\$ 80,852	\$ 74,892
Equipment	26,767	11,563
	\$ 107,619	\$ 86,455

There are no commitments under lease agreements having lease terms in excess of one year .

(12) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$324,255 during January 1, 1998 through December 31, 1998 and \$206,074 during January 1, 1997 through December 31, 1997. The value of the commodities distributed is not reflected in the accompanying financial statements.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 1998 and 1997
(Continued)

(13) Partnership Investments

QACAA serves as the Managing General Partner for Livingston Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty-two unit apartment complex in Livingston, Louisiana known as Cedar Ridge Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA serves as the Managing General Partner for Hammond Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty-eight unit apartment complex in Hammond, Louisiana known as Hammond Square Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA serves as the Managing General Partner for Jackson Place Apartments, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty unit apartment complex in Jackson, Louisiana known as Jackson Place Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Financing Agency.

QACAA entered into Management Sub-Contracts with Calhoun Property Management, Inc., in which they will co-manage all Partnerships. QACAA's ownership percentage of all partnerships is .5%.

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Financial Position
 December 31, 1998

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Summer Child Care Services	Family Preservation	Foster Grandparents Program	Retired Senior Volunteer Program
Assets									
Current assets:									
Cash	\$ 39	\$	\$ 20	\$ 1,730	\$ 3,791	\$	\$	\$	\$ 10,484
Grant receivables			43,983	111,580	5,861	1,797			
Other receivables	1,422								
Due from other funds					11				
Total current assets	1,461		44,003	113,310	9,663	1,797			10,484
Property and equipment	572	62,729		533,940				3,925	5,688
Accumulated depreciation	(572)	(38,303)		(232,454)				(2,258)	(5,688)
Net property and equipment		24,426		301,486				1,667	
Total Assets	\$ 1,461	\$ 24,426	\$ 44,003	\$ 414,796	\$ 9,663	\$ 1,797	\$	\$ 1,667	\$ 10,484
Liabilities and Net Assets									
Current liabilities									
Accounts payable	\$ 1,461	\$	\$	\$ 108,321	\$ 731	\$	\$	\$	\$
Accrued liabilities									
Due to other funds			7,320			1,797			
Current portion long-term debt									
Refundable advances			36,683	4,989	8,932				10,484
Total current liabilities	1,461		44,003	113,310	9,663	1,797			10,484
Long-term debt									
Net assets:									
Unrestricted:									
Operating		24,426		301,486				1,667	
Fixed assets		24,426		301,486				1,667	
Total net assets		24,426		414,796	9,663	1,797		1,667	10,484
Total Liabilities and Net Assets	\$ 1,461	\$ 24,426	\$ 44,003	\$ 414,796	\$ 9,663	\$ 1,797	\$	\$ 1,667	\$ 10,484

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Financial Position
December 31, 1998
(Continued)

	Commodities Distribution	Emergency Assistance	Drug-Free & Literacy Education	Emergency Shelter Grants Program	Medicaid Application Services	General Services	Total	
							1998	1997
Assets								
Current assets:								
Cash	\$	\$	\$	\$	\$	\$	\$	\$
Grant receivables		44	796	54	2,659	19,617	37,675	
Other receivables		14,039	3,277	9,950	8,110	180,537	60,284	
Due from other funds			10,126	149,506	159,643	100,604	34,842	
Total current assets		14,083	4,073	20,130	160,275	379,279	233,405	
Property and equipment		14,798	1,716		66,916	690,284	555,359	
Accumulated depreciation		(1,480)	(756)		(20,241)	(301,752)	(247,910)	
Net property and equipment		13,318	960		46,675	388,532	307,449	
Total Assets	\$	\$	\$	\$	\$	\$	\$	\$
		27,401	5,033	20,130	206,950	767,811	540,854	
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities		190	101	13,892	41,789	124,696	11,323	
Due to other funds		12,567	3,692	24,655	109,612	159,643	100,604	
Current portion long-term debt		1,326	381	8,884	8,884	8,884	18,385	
Refundable advances		14,083	4,073	24,756	174,177	397,807	241,943	
Total current liabilities		190	4,073	46,675	164,460	296,020	139,255	
Long-term debt				19,318		19,318	9,466	
Net assets:								
Unrestricted:								
Operating								
Fixed assets		13,318	960	(4,626)	(5,019)	(9,645)	9,847	
Total net assets		13,318	960	(4,626)	18,474	360,331	279,598	
Total Liabilities and Net Assets	\$	\$	\$	\$	\$	\$	\$	\$
		27,401	5,033	20,130	206,950	767,811	540,854	

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 1998

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Summer Child Care Services	Family Preservation	Foster Grandparents Program	Retired Senior Volunteer Program
Revenues and Other Support:									
Contractual revenue-grant	\$ 1,231,285	\$ 829,318	\$ 191,450	\$ 765,021	\$ 89,957	\$ 240,853	\$ 6,167	\$ 277,741	\$ 46,307
Fees earned									
Miscellaneous revenues				344					
Total revenues and other support	<u>1,231,285</u>	<u>829,318</u>	<u>191,450</u>	<u>765,365</u>	<u>89,957</u>	<u>240,853</u>	<u>6,167</u>	<u>277,741</u>	<u>46,307</u>
Expenses									
Salaries	70,268	521,973	92,352	383,158	23,194	128,075	2,909	58,838	27,478
Fringe benefits	10,527	93,684	16,128	59,078	3,950	19,778	567	8,434	5,609
Travel	2,368	26,000	3,678	20,936	33	4,947	800	2,128	1,362
Space costs	11,016	60,375	18,052	40,271		10,635		3,004	2,924
Telephone	5,071	22,765	6,595	6,011		1,143		2,448	1,209
Insurance	490	10,740	3,617	13,305					
Equipment expenses	3,664	18,884	486	30,839		3,141		398	371
Supplies	2,962	10,172	45,451	61,900		10,421	1,391	502	370
Professional services and contract labor	2,000	10,720	4,811	7,909	6,567	9,250		1,500	500
Food and related supplies		4,331		13,331	56,213	11,810			
Miscellaneous		15,876	280	23,031		249	500		45
Field Trips						41,404			
Volunteer expenses								200,489	6,439
Client assistance payments	1,122,919	28,000							
Interest expense		8,541		47,024				500	42
Depreciation expense									
Total expenses	<u>1,231,285</u>	<u>832,061</u>	<u>191,450</u>	<u>706,793</u>	<u>89,957</u>	<u>240,853</u>	<u>6,167</u>	<u>278,241</u>	<u>46,349</u>
Changes in net assets		(2,743)		58,572				(500)	(42)
Net assets, beginning of year		27,169		242,914				2,167	42
Net assets, end of year	\$	\$ 24,426	\$	\$ 301,486	\$	\$	\$	\$ 1,667	\$

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 1998
(Continued)

	Commodities Distribution	Emergency Assistance	Drug-Free & Literacy Education	Emergency Shelter Grants Program	Medicaid Application Services	General Services	Total
	1998	1997	1998	1997	1998	1997	1998
Revenues and Other Support:							
Contractual revenue-grant	\$ 83,787	\$ 32,091	\$ 78,180	\$ 18,842	\$ 63,210	\$ 58,100	\$ 3,954,209
Fees earned						136,000	58,100
Miscellaneous revenues	83,787	32,091	78,180	18,842	63,210	194,100	4,148,653
Total revenues and other support							3,135,194
Expenses							
Salaries	71,144		29,867	2,792	75,229	61,474	1,548,751
Fringe benefits	11,990		3,840		13,088	7,717	254,390
Travel	637		4,522		494	15,939	83,844
Space costs	20			4,464	9,473	246	160,480
Telephone					3,375	730	49,347
Insurance						3,639	31,791
Equipment expenses					1,325	3,213	66,523
Supplies			4,202		1,996	10,110	146,494
Professional services and contract labor			1,219			7,823	53,766
Food and related supplies			2,686			4,293	104,538
Miscellaneous		641	14,560			6,798	49,906
Field Trips			2,486				41,404
Volunteer expenses							206,928
Client assistance payments		31,450		11,586		26,539	1,220,494
Interest expense						2,512	2,512
Depreciation expense			1,480	245		8,412	66,244
Total expenses	83,791	32,091	64,862	19,087	104,980	159,445	4,087,412
Changes in net assets	(4)		13,318	(245)	(41,770)	34,655	61,241
Net assets, beginning of year	4			1,205	37,144	(21,200)	289,445
Net assets, end of year	\$	\$	\$ 13,318	\$ 960	\$ (4,626)	\$ 13,455	\$ 350,686
							\$ 289,445

**Supplemental Information Schedules
For Grants and Contracts Analysis**

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Low Income Home Energy Assistance Program
 Contract No. 528398
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: January 1, 1998 to December 31, 1998

	Actual	Budget	Actual (Over) Under Budget
Revenues:			
Contract revenue	\$ 1,231,285		
Expenditures:			
Administrative	108,366	\$ 108,386	\$ 20
Direct services	1,122,919	1,123,190	271
	1,231,285	\$ 1,231,576	\$ 291
Excess revenues (expenditures)			
Fund balance, beginning January 1, 1998			
Fund balance, ending December 31, 1998	\$		

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Community Services Block Grant
Contract No. 98N0026

Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: January 1, 1998 to December 31, 1998

	Actual	Budget	Actual (Over) Under Budget
Revenues:			
Contract revenue	\$ 829,318		
Total revenue			
Expenditures:			
Administration			
Salaries	182,522	\$ 182,522	\$
Fringe benefits	32,863	32,863	
Travel	10,000	10,000	
Other support costs	34,000	34,000	
Total administration	259,385	259,385	
Program Activities:			
Salaries	339,451	339,451	
Fringe benefits	60,821	60,821	
Travel	16,000	16,000	
Equipment purchases	14,552	14,552	
Other support costs	106,778	106,778	
Activities	28,000	28,000	
Total program activities	565,602	565,602	
Commodity food and nutrition	4,331	4,331	
Total expenditures	829,318	\$ 829,318	\$
Excess revenues (expenditures)			
Fund balance, January 1, 1998			
Fund Balance, December 31, 1998	\$		

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Weatherization Assistance Program
 Contract No. 515940
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: April 1, 1997 to March 31, 1998

Revenue

Contract revenue	\$	232,373
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Total revenue		<u>232,373</u>
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Expenditures:

Administration		19,627
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Liability insurance		1,307
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Materials/Program Support		208,180
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T & TA		1,299
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Financial audit		<u>1,960</u>
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Total expenditures		<u>232,373</u>
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Excess revenue (expenditures)

Fund balance, April 1, 1997

Fund balance, March 31, 1998

\$

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Head Start Grant No. 06CH0402/07
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: December 1, 1997 to November 30, 1998

	Actual	Budget	COB Balances Current Year
Revenues			
Department of Health and Human Services	\$ 757,373	\$ 757,373	
Grantee's contribution	189,343	189,343	
Total revenue	<u>946,716</u>	<u>946,716</u>	
Expenditures:			
Personnel	378,929	392,842	\$ 13,913
Fringe benefits	58,194	66,120	7,926
Travel	14,193	6,500	(7,693)
Equipment	39,299	46,042	6,743
Supplies	63,032	49,186	(13,846)
Contractual	4,195	4,945	750
Other	199,531	191,738	(7,793)
	<u>757,373</u>	<u>757,373</u>	<u>\$</u>
Grantee's share	<u>189,343</u>	<u>189,343</u>	
Total all expenditures	<u>946,716</u>	<u>\$ 946,716</u>	
Revenue over (under) expenditures			
Fund balance, beginning December 1, 1997			
Fund balance, ending November 30, 1998	<u>\$</u>		

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Child and Adult Care Food Program
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: October 1, 1997 to September 30, 1998

Revenue

Contract revenue	\$	94,958
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Total revenue		<u>94,958</u>
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Expenditures:

Salaries		23,260
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Fringe benefits		4,171
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Consultant		6,054
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Training / Workshops		15
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Food purchases		<u>61,458</u>
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Total expenditures		<u>94,958</u>
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Excess revenue (expenditures)

Fund balance, October 1, 1997		<u> </u>
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Fund balance, September 30, 1998	\$	<u><u> </u></u>
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Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Summer Child Care Program
 Contract No. 519947
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 1998 to December 31, 1998

Revenue

Contract revenue	\$	240,853
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Total revenue		240,853
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Expenditures:

Salaries		128,075
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Fringe benefits		19,778
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Travel		4,947
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Supplies		5,624
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Equipment rental		8,117
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Operating services		11,848
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Other expenses		62,464
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Total expenditures		240,853
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Excess revenue (expenditures)

Fund balance, January 1, 1998		
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Fund balance, December 31, 1998	\$	
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Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Family Preservation Program
 Contract No.524994
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 1998 to December 31, 1998

Revenue:

Grant revenue		\$	6,167
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Expenditures:

Salaries			2,909
Fringe benefits			567
Travel			800
Supplies			1,391
Other			500

Total expenditures			6,167
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Excess revenue (expenditures)

Fund balance, January 1, 1998

Fund balance, December 31, 1998

		\$	
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Foster Grandparents Program
Contract No. 339W011/15
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Contract Period: January 1, 1998 to December 31, 1998

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 252,225	\$	\$ 252,225
Nonfederal share			
Inkind contributions		27,828	27,828
State revenue		25,516	25,516
Total revenue	<u>252,225</u>	<u>53,344</u>	<u>305,569</u>
Expenditures			
Personnel	58,838		58,838
Fringe benefits	4,612	3,822	8,434
Travel	1,059	1,069	2,128
Equipment	364	34	398
Supplies	402	100	502
Rent	204	2,800	3,004
Contractual	750	750	1,500
Communications	1,519	929	2,448
Total volunteer support expenses	<u>67,748</u>	<u>9,504</u>	<u>77,252</u>
Volunteer stipends	164,064	8,882	172,946
Volunteer travel	18,931	3,987	22,918
Volunteer recognition	546	1,683	2,229
Volunteer other	936	29,288	30,224
Total volunteer expenses	<u>184,477</u>	<u>43,840</u>	<u>228,317</u>
Total expenditures	<u>252,225</u>	<u>53,344</u>	<u>305,569</u>
Excess revenues (expenditures)			
Fund balance, January 1, 1998	7,579		7,579
Reprogrammed Grant #339-W011/14	<u>(7,579)</u>		<u>(7,579)</u>
Fund balance, December 31, 1998	<u>\$</u>	<u>\$</u>	<u>\$</u>

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Retired Senior Volunteer Program
Contract No. 340W100/08
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Contract Period: July 1, 1997 to June 30, 1998

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 29,882	\$	\$ 29,882
Nonfederal share			
Inkind contributions		2,500	2,500
State revenue		12,573	12,573
	<u>29,882</u>	<u>15,073</u>	<u>44,955</u>
Total revenue			
 Expenditures			
Personnel	23,500	800	24,300
Fringe benefits		5,395	5,395
Travel	1,330		1,330
Audit		500	500
Equipment		445	445
Supplies	393		393
Space costs		3,053	3,053
Communications		1,023	1,023
Other	45		45
	<u>25,268</u>	<u>11,216</u>	<u>36,484</u>
Total volunteer support expenses			
Volunteer travel	3,551	2,500	6,051
Volunteer other	1,063	1,357	2,420
	<u>4,614</u>	<u>3,857</u>	<u>8,471</u>
Total volunteer expenses			
Total expenditures	<u>29,882</u>	<u>15,073</u>	<u>44,955</u>
 Excess revenues (expenditures)			
 Fund balance, January 1, 1998			
	<u> </u>	<u> </u>	<u> </u>
Fund balance, December 31, 1998	<u>\$</u>	<u>\$</u>	<u>\$</u>

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Temporary Emergency Food Assistance Program
 Commodities Distribution
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 1998 to December 31, 1998

Revenue:

Contract revenue	\$	83,787
		83,787
Total revenue		83,787

Expenditures:

Salaries		71,144
Fringe benefits		11,990
Travel		637
Other		20
		83,791
Total expenditures		83,791

Excess revenue (expenditures)		(4)
Fund balance, January 1, 1998		4
		4
Fund balance, December 31, 1998	\$	4

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Emergency Food and Shelter Program
FEMA

Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 1998 to December 31, 1998

Revenue:

Contract revenue	\$ 32,091
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Expenditures:

Emergency food	28,071
Emergency rent/mortgage	1,517
Emergency utilities	1,862
Miscellaneous	641

Total expenditures	32,091
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Excess revenue (expenditures)

Fund balance, January 1, 1998

Fund balance, December 31, 1998

\$

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 The Governor's Safe and Drug-Free Program
 Project No. 28-98-73IA-D
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: July 1, 1997 to June 30, 1998

	Actual	Budget	Actual (Over) Under Budget
Revenues			
Contract revenue	\$ 33,562		
Expenditures:			
Salaries	18,000	\$ 18,000	\$
Fringe benefits	2,097	2,358	261
Travel	919	1,150	231
Supplies	10,060	10,900	840
Indirect costs	2,486	2,592	106
Total expenditures	33,562	35,000	1,438
Excess revenues (expenditures)			
Fund balance, beginning January 1, 1998			
Fund balance, ending December 31, 1998	\$		

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Adult Education
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: July 1, 1997 to June 30, 1998

Revenue	
Contract revenue	\$ 44,886
Expenditures:	
Salaries	12,600
Fringe benefits	1,880
Purchased professional and technical services	2,686
Other purchased services	3,000
Supplies	4,500
Property	19,000
Indirect costs	1,220
Total expenditures	44,886
Excess revenues (expenditures)	
Fund balance, beginning July 1, 1997	
Fund balance, ending June 30, 1998	\$

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Emergency Shelter Grants Program
 Contract No. 525419 - Ascension Parish
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 1998 to December 31, 1998

Revenue

Contract revenue	\$ 7,831
Matching funds	7,831
	15,662

Total revenue 15,662

Expenditures:

Salaries	2,792
Operations	4,200
Homeless prevention	2,067
Grant administration	
	9,059

Subtotal 9,059

Matching funds 7,831

Total expenditures 16,890

Excess revenues (expenditures) (1,228)

Fund balance, beginning January 1, 1998 1,610

Fund balance, ending December 31, 1998 \$ 382

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Emergency Shelter Grants Program
 Contract No. 524215 - Tangipahoa Parish
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: July 1, 1997 to December 31, 1998

Revenue

Contract revenue	\$	11,063
Matching funds		11,063
		11,063
Total revenue		22,126

Expenditures:

Salaries		
Operations		
Homeless prevention		11,063
Grant administration		
		11,063
Subtotal		11,063
Matching funds		11,063
Total expenditures		22,126

Excess revenues (expenditures)

Fund balance, beginning July 1, 1997

Fund balance, ending December 31, 1998

\$

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Medicaid Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 1998 to December 31, 1998

Revenue:

Grant revenue	\$	63,210
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Expenditures:

Salaries		75,229
Fringe benefits		13,088
Travel		494
Supplies		1,996
Equipment Rental / Repair		1,325
Telephone		3,375
Space		9,472

Total expenditures		104,979
--------------------	--	---------

Excess revenue (expenditures)		(41,769)
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Fund balance, January 1, 1998		37,144
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Fund balance, December 31, 1998	\$	(4,625)
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1998

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 11-30-98)	93.600	06CH0402/07	\$ 719,986
Head Start (Fy 11-30-99)	93.600	06CH0402/08	45,129
Passed through Louisiana Department of Labor Community Services Block Grant (Fy 12-31-98)	93.569	98N0026	829,318
Passed through Louisiana Department of Social Services, Office of Family Support Summer Child Care Program	93.561	519947	240,853
Passed through Louisiana Department of Social Services, Office of Community Services Home Energy Assistance Program - Energy (Fy 12-31-98) Weatherization Assistance Program (Fy 3-31-98) Weatherization Assistance Program (Fy 3-31-99) Family Preservation (Fy 8-31-98)	93.568 93.568 93.568 93.656	528398 515940 515940 524994	1,231,285 84,848 106,602 6,167
Total U.S. Department of Health and Human Services			<u>3,264,188</u>
<u>The Corporation For National Service</u>			
Direct Programs:			
Foster Grandparent Program (Fy 12-31-98)	94.011	339-W011/15	252,225
Retired Senior Volunteer Program (Fy 6-30-98)	94.002	340W100/08	11,240
Retired Senior Volunteer Program (Fy 6-30-99)	94.002	340W100/09	22,494
Total Corporation For National Service			<u>285,959</u>

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Schedule of Federal Awards
 For the Year Ended December 31, 1998

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through The Ascension Parish Council Emergency Shelter Grants Program (Fy 6-30-99)	14.231	525419	9,059
Passed through Tangipahoa Parish Emergency Shelter Grants Program (Fy 6-30-99)	14.231	524215	9,782
Total U.S. Department of Housing and Urban Development			<u>18,841</u>
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education Drug Free Schools and Community Act (DFSCA) (Fy 6-30-98)	84.186	28-97-731A-D	23,492
Drug Free Schools and Community Act (DFSCA) (Fy 6-30-99)	84.186	28-99-7312-D	12,757
Adult Education	84.002	Unknown	41,931
Total U.S. Department of Education			<u>78,180</u>

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Schedule of Federal Awards
 For the Year Ended December 31, 1998

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child Care Food Program (Fy 9-30-98)	10.558	Unknown	78,576
Child Care Food Program (Fy 9-30-99)	10.558	Unknown	11,381
Passed through Louisiana Department of Agriculture and Forestry			
Temporary Emergency Food Assistance Program	10.568	Unknown	83,791
Food Distribution - Value of Commodities Distributed	10.550	Unknown	324,255
Total U.S. Department of Agriculture			<u>498,003</u>
<u>Federal Emergency Management Agency</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA) (Fy 12-31-98)	83.523	Unknown	32,091
Total Federal Emergency Management Agency			<u>32,091</u>
Total federal expenditures			<u>\$ 4,177,262</u>

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

NOTE 2: Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and distributed. At December 31, 1998, Quad had no food commodities in inventory.

COOK & MOREHART

Certified Public Accountants

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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
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

We have audited the financial statements of Quad Area Community Action Agency, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated May 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Quad Area Community Action Agency, 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 Quad Area Community Action Agency, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
May 21, 1999

COOK & MOREHART

Certified Public Accountants

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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
Quad Area Community Action Agency, Inc.
Monroe, Louisiana

Compliance

We have audited the compliance of Quad Area Community Action Agency, 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 December 31, 1998. Quad Area Community Action Agency, 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 Quad Area Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on Quad Area Community Action Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred 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 Quad Area Community Action Agency, 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 Quad Area Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, Quad Area Community Action Agency, 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 December 31, 1998.

Internal Control Over Compliance

The management of Quad Area Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulation, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Quad Area Community Action Agency, 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 internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended 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
May 21, 1999

Quad Area Community Action Program, Inc.
Hammond, Louisiana

Summary Schedule of Prior Audit Findings
December 31, 1998

There were no findings or questioned costs in the audit for the year ended December 31, 1997.

Schedule of Findings and Questioned Costs
December 31, 1998

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Quad Area Community Action Agency, Inc.
2. No 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*.
3. No instances of noncompliance material to the financial statements of Quad Area Community Action Agency, Inc. were disclosed during the audit.
4. No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Quad Area Community Action Agency, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Quad Area Community Action Agency, Inc. reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, 2) Community Services Block Grant CFDA# 93.569, and 3) Home Energy Assistance and Weatherization Programs CFDA# 93.568.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Quad Area Community Action Agency, Inc. qualifies as a low-risk auditee.

B. Findings – Financial Statements Audit: NONE

C. Findings and Questioned Costs – Major Federal Award Programs Audit: NONE

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 1998 and 1997

Summary Schedule of Prior Audit Findings

There were two management letter comments for the prior year audit for the year ended December 31, 1997.

Prior Year Comment #1 – Funds Borrowed From the Head Start Program

The funds were paid back and were not borrowed during this audit year.

Prior Year Comment #2 – Travel Policy

Quad's documentation for travel expenditures was much improved from prior year.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended December 31, 1998.