

Cenla Community Action Committee, Inc.
Notes to Financial Statements

March 31, 1997

Income Taxes

The Agency is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Compensated Absences:

Employees of the Agency are entitled to paid vacations, sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, 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.

2. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

Cost reimbursements requested from:

CACFP	\$ 93,523
CSBG	<u>8,976</u>
	<u>\$ 102,499</u>

3. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

No provision has been made for uncollectible receivables since management considers all receivables collectible.

4. PROPERTY AND EQUIPMENT

As of March 31, 1997, the cost and accumulated depreciation of fixed assets are as follows:

Furniture and equipment	\$1,279,517
Less accumulated depreciation	<u>753,181</u>
Net book value	<u>\$ 526,336</u>

Depreciation expense for the period was \$184,102.

Cenla Community Action Committee, Inc.
Notes to Financial Statements

March 31, 1997

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as of March 31, 1997.

Purpose restrictions accomplished

Head Start	\$ 3,774,413
CACFP	634,342
CSBG	235,753
CSBG - Homeless Program	7,820
LIHEAP	214,475
TEFAP	36,693
FEMA	7,248
HUD	791
Special Jury	372
Cooperative Gleaning	3
Senior Citizens	<u>37,768</u>
	<u>\$ 4,949,678</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Headstart	\$ 441,516
CSBG	8,417
CSBG - Homeless	260
LIHEAP	26,522
FEMA	9,515
HUD	9,988
Senior Citizens	49,421
Special Jury	1
Cooperative Gleaning	<u>9,723</u>
Total temporarily restricted net assets	<u>\$ 555,363</u>

Cenla Community Action Committee, Inc.
Notes to Financial Statements

March 31, 1997

7. LEASES

The Agency leases various building on an annual, renewable basis. The buildings are used primarily for Community Services Block Grant and Head Start. There are no minimum monthly lease payments.

8. DONATED SERVICES, MATERIALS AND FACILITIES

The Agency receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. The value of these services provided are \$905,937.

The Agency receives a reduced rate for rent expense for three Headstart Centers. The difference between the reduced rate paid the fair rental value of these facilities are recorded as an in-kind contribution. The value of this contribution for the year ended March 31, 1997 is \$98,800.

The value of other donated specialized services, materials and supplies for the year ended March 31, 1997 is \$11,118.

9. CONCENTRATION OF CREDIT RISK

The Agency's programs serve the indigent, handicapped and elderly of the Central Louisiana community. Resources for these programs are provided primarily by government funding under grant contracts. Accounts receivable arise from the normal course of providing these services to be reimbursed by the various grantor agencies. No allowance has been provided for uncollectible accounts receivable.

The Agency maintains cash balances in excess of \$100,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$100,000.

10. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services 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.



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

270 WINDERMERE PLACE
ALEXANDRIA, LA 71303-3548
P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500
PHONE 318/448-3556 FAX 318/448-4236

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA

W. DOUGLAS LACROIX, CPA
PATRICIA T. McADAMS, CPA
LAWRENCE E. "PETE" MAYEAUX, CPA

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors
Cenla Community Action Committee

We have audited the financial statements of the Cenla Community Action Committee, Inc. (a nonprofit organization) for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted 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 Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


OESTRIECHER & COMPANY
Certified Public Accountants

November 5, 1997

**Cenla Community Action
Committee, Inc.**

**Schedule of Federal Awards
For the year ended March 31, 1997**

<u>Federal Grantor/ Pass-Through/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>Major Programs</u>			
U.S. Department of Health and Human Services:			
Headstart	93.600 *	06CH5002/31	\$ 3,775,168
Passed through Louisiana			
Department of Employment and Training:			
Community Services Block Grant	93.569 *	96N0014	185,260
Community Services Block Grant	93.569 *	97N0014	47,536
Community Services Block Grant - Homeless	93.569	95N0014H	6,902
Passed through Louisiana			
Department of Social Services:			
Low Income Home Energy Assistance	93.568 *	n/a	<u>214,560</u>
Total Dept of Health & Human Resources			<u>4,229,426</u>
U.S. Department of Agriculture:			
Passed through Louisiana			
Department of Education:			
Child and Adult Care Food Program	10.558 *	n/a	637,574
Temporary Emergency Food Assistance Program	10.565	n/a	<u>40,655</u>
Total Departement of Agricultue			<u>678,229</u>
<u>Federal Emergency Management Agency:</u>			
Passed through United Way of Central Louisiana			
Disaster Assistance	83.523	n/a	<u>7,248</u>
Total			<u><u>\$ 4,914,903</u></u>

* Denotes major program



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KURT G. OESTRIECHER, CPA

W. DOUGLAS LaCROIX, CPA
PATRICIA T. McADAMS, CPA
LAWRENCE E. "PETE" MAY, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Cenla Community Action Committee

We have audited the financial statements of the Cenla Community Action Committee, Inc. (a nonprofit organization) as of and for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

In planning and performing our audit of the financial statements of the Agency for the year ended March 31, 1997, we obtained an understanding of the internal control structure. With

respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

The Agency's fixed asset list was incomplete and mathematically incorrect. Due to lack of periodic financial statements it is impossible to reconcile this subsidiary record to the general ledger. This could cause the balance of assets to be materially misstated and inaccurately reflect the financial position of the Agency.

Cash disbursements were reviewed for proper approval, documentation, compliance with grant provisions and proper recording. Twenty-two out of 230 items tested had no indication of approval by an authorized individual. Two items did not have proper supporting documentation. Five items were misclassified. This could increase the risk that payment for unallowed costs would be disbursed and make it difficult to compare actual expenditures with the budget.

A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. However, we noted the following involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of CCAC, Inc. for the year ended March 31, 1997.

A dual entry set of books is not maintained by the Agency. Therefore, account balances cannot be reconciled to subsidiary records to verify accuracy and financial statements are difficult to produce. Only cash receipts and disbursements are recorded and cash is reconciled monthly.

Monthly bank reconciliations were not consistently prepared for some bank accounts every month and/or were incorrect. Some of the Agency's bank reconciliations required adjustments due to failure to record reconciling items. Cash balances are misstated and accounts are susceptible to overdrafts.

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


OESTRIECHER & COMPANY
Certified Public Accountants

November 5, 1997



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270 WINDERMERE PLACE
ALEXANDRIA, LA 71303-3548
P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500
PHONE 318/448-3556 FAX 318/448-4236

EMILE P. OESTRIECHER, III, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Cenla Community Action Committee

We have audited the financial statements of the Cenla Community Action Committee, Inc. (a nonprofit organization) as of and for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards* for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Agency's March 31, 1997 financial statements.

The Agency failed to file a timely audit report with certain grantor agencies which is required according the grant provision. Noncompliance with grant provisions could cause loss of or suspension of grant funding which would have a detrimental effect on the Agency as it relies primarily on these grants to carry out its program objectives.

Periodic financial reports required for Headstart and CSBG were sometimes not filed with the grantor agency by the due date of the report.

The agency drew more Headstart funds than was expended. Grant provisions state that only enough funds are to be drawn as needed to meet immediate obligations of the Agency. This was caused by clerical errors in the reporting and inadequate supervision and monitoring to detect errors.

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


OESTRIECHER & COMPANY
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November 5, 1997



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270 WINDERMERE PLACE
ALEXANDRIA, LA 71303-3548
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PHONE 318/448-3556 FAX 318/448-4236

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA

W. DOUGLAS LaCROIX, CPA
PATRICIA T. McADAMS, CPA
LAWRENCE E. "PETE" MAYEAUX, CPA

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Directors
Cenla Community Action Committee

We have audited the financial statements of the Cenla Community Action Committee, Inc. (a nonprofit organization) as of and for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997. We have also audited the compliance of the Agency with requirements applicable to major federal award programs and have issued our report thereon dated November 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Agency complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended March 31, 1997, we considered the internal control structure of the agency in order to determine our auditing procedures for the purpose of expressing our opinion on the Agency's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated November 5, 1997.

The management of the Agency is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against

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

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories: cash; property and equipment; support, receivables and receipts; expenses for programs and supporting services; and payroll.

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

During the year ended March 31, 1997, the Agency expended 100% of its total federal awards under major federal award programs.

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

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

The Agency's fixed asset list was incomplete and mathematically incorrect. Due to lack of periodic financial statements it is impossible to reconcile this subsidiary record to the general ledger. This could cause the balance of assets to be materially misstated and inaccurately reflect the financial position of the Agency.

Cash disbursements were reviewed for proper approval, documentation, compliance with grant provisions and proper recording. Twenty-two out of 230 items tested had no indication of approval by an authorized individual. Five items did not have proper supporting documentation. Five items were misclassified. This could increase the risk that payment for unallowed costs would be disbursed and make it difficult to compare actual expenditures with the budget.


A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. However, we noted the following involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Agency for the year ended March 31, 1997.

A dual entry set of books is not maintained by the Agency. Therefore, account balances cannot be reconciled to subsidiary records to verify accuracy and financial statements are difficult to produce. Only cash receipts and disbursements are recorded and cash is reconciled monthly.

Monthly bank reconciliations were not consistently prepared for some bank accounts every month and/or were incorrect. Some of the Agency's bank reconciliations required adjustments due to failure to record reconciling items. Cash balances are misstated and accounts are susceptible to overdrafts.

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


WESTRECHER & COMPANY
Certified Public Accountants

November 5, 1997

In our opinion, the Agency complied in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended March 31, 1997.

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


OESTRIECHER & COMPANY
Certified Public Accountants

November 5, 1997



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270 WINDERMERE PLACE
ALEXANDRIA, LA 71303-3548
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PHONE 318/448-3556 FAX 318/448-4236

EMILE P. OESTRIECHER, III, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

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

We have audited the financial statements of Cenla Community Action Committee, Inc. (a nonprofit organization) as of and for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997.

We have applied procedures to test the Agency's compliance with the following requirements applicable to its federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1996: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on CCAC's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Agency had not complied, in all material respects, with those requirements.

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


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November 5, 1997



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LAWRENCE E. "PETE" MAYEAUX, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

To the Board of Directors
Cenla Community Action Committee

We have audited the financial statements of Cenla Community Action Committee, Inc. (a nonprofit organization) as of and for the year ended March 31, 1997, and have issued our report thereon dated November 5, 1997.

In connection with our audit of the financial statements of the Agency and with our consideration of the Organization's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended March 31, 1997. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed, eligibility, and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Agency's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Agency had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the board of directors, management, and the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


OESTRIECHER & COMPANY
Certified Public Accountants

November 5, 1997

Cenla Community Action Committee, Inc.
Schedule of Findings and Questioned Costs

Year Ended March 31, 1997

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Head Start - CFDA 93.600

- 1. Statement of condition:** An annual audited report of the financial statements was not obtained timely.

Criteria: Various grant provisions mandate an annual audit of the Agency's financial statements and to provide copies of the audited financial statement to the grantor agencies.

Effect of condition: Potential to suspend funding by grantor agencies which would render the Agency unable to continue its programs to serve the community.

Cause of condition: The Agency does not use a double entry accounting system and, therefore, financial statements are difficult to produce. Also, due to illness of some of the Agency's accounting personnel the completion of the prior year's audit report was unavoidably delayed until after the six month period of the current year. Procedures for the current year audit could not be started until the prior audit was completed.

Recommendation: Implement a double entry system for recording transactions and provide auditors with a completed general ledger and trial balances at time of engagement. Also, advise accounting personnel to enroll in a college level basic accounting class.

Response: We concur with the auditor's recommendations. We will implement procedures to prevent a recurrence of this situation.

Questioned costs: None.

- 2. Statement of Condition:** Financial report forms 269 were due October 31, 1996 for the second quarter, April 30, 1997 for the 4th quarter and the final report was due June 30, 1997. These reports were filed December 4, 1996 for the second quarter and May 20, 1997 for the fourth quarter. As of the date of this audit report, the final report had not been prepared.

Criteria: Head Start mandates due dates for the filing of these report.

Effect of condition: Noncompliance with requirements to timely file financial reports.

Cause of condition: No cause for condition.

Recommendation: Individuals who are responsible for filing the reports should be provided with a schedule of report due dates. Procedures should be implemented to be sure reports are filed timely.

Response: We concur with the auditor's recommendations. We will implement procedures to prevent a recurrence of this situation.

Questioned cost: None.

3. Statement of condition: The Agency drew more Head Start funds than was expended.

Criteria: The Agency is to only draw enough funds to meet its immediate obligations.

Effect of condition: The Agency has noncompliance with cash management general requirements and has a possible liability to the Dept. of Health and Human Services.

Cause of condition: The agency draws funds based on estimated expenditures expected to be paid immediately. Actual expenditures sometimes vary. When the quarterly reports are prepared the Agency reconciles program expenses with the amount reported. The reports contained clerical errors which were undetected due to lack of supervision and review prior to submission of the report.

Recommendation: The Agency has an accounts payable computer program which should be used to enter all invoices received. The edit report provided by the program provides a total of outstanding invoices and this amount should be used to request a draw down of funds. This would eliminate the need to estimate the amount needed to meet immediate obligations. Also, before submission of the reports, a responsible individual who is not involved in preparing the report should reconcile the amounts reported.

Response: We concur with the auditor's recommendations. We will implement procedures to prevent a recurrence of this situation.

Questioned costs: \$12,264.00

Community Services Block Grant - CFDA 93.569

4. Statement of condition: Expenditure reports are due by 15th day of the following month. Seven reports out of 15 were filed late. None, however, were over 15 days late.

Criteria: Reports are due by 15th day of the following month.

Effect of condition: Reports are delinquent.

Cause of condition: No cause for condition.

Recommendation: Individuals who are responsible for filing the reports should be provided with a schedule of report due dates. Procedures should be implemented to be sure reports are filed timely.

Response: We concur with the auditor's recommendations. We will implement procedures to prevent a recurrence of this situation.

Questioned costs: None.

Prior Year Findings:

Prior year finding same as number 1 above. Finding unresolved due to delays in completing the prior year's audit. Recommendations could not be implemented until well after the end of the current fiscal year. Management will implement procedures recommended to ensure that future audits are completed timely.

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**Cenla Community Action Committee, Inc.
Audited Financial Statements**

March 31, 1997

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

Release Date JAN 07 1998

STANDARD 100-02

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OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)

CERTIFIED PUBLIC ACCOUNTANTS

270 WINDERMERE PLACE
ALEXANDRIA, LA 71303-3548

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE 318/448-3556 FAX 318/448-4236

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA

W. DOUGLAS LACROIX, CPA
PATRICIA T. McADAMS, CPA
LAWRENCE E. "PETE" MAYEAUX, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Cenla Community Action Committee, Inc. (the Agency) as of March 31, 1997 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these combined financial statements based on my audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Organizations." Those standards and OMB-133 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Cenla Community Action Committee, Inc. as of March 31, 1997 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 5, 1997, on our consideration of the Agency's internal control structure and a report dated November 5, 1997 on its compliance with laws and regulations.


OESTRIECHER & CO.
Certified Public Accountants

November 5, 1997

**Cenla Community Action
Committee, Inc.**

Statement of Financial Position

March 31, 1997

Assets

Current assets

Cash	\$ 83,623
Accounts receivable	102,499
Due from other funds	<u>131,075</u>
Total current assets	317,197

Furniture and equipment (net of depreciation of \$753,181) 526,336

Deposits 2,964

Total assets \$ 846,497

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 334,876
Bank overdraft	10,271
Due to other funds	<u>131,075</u>
Total current liabilities	<u>476,222</u>

Net assets

Unrestricted	(185,088)
Temporarily restricted	<u>555,363</u>
Total net assets	<u>370,275</u>

Total liabilities and net assets \$ 846,497

See accompanying notes to financial statements

**Cenla Community Action
Committee, Inc.**

Statement of Activities

For the year then ended March 31, 1997

Revenues and other support:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Grants	\$0	\$4,832,431
In-kind contributions	109,918	0
Donations	200	4,600
Interest income	150	1,071
Reimbursements from other funds	0	125,142
Administrative fees	4,925	0
Net assets released from restrictions	4,949,678	(4,949,678)
Total revenues	5,064,871	13,566
Expenses		
Administrative expenses	332,582	0
Program expenses	4,613,528	0
Total expenses	4,946,110	0
Change in net assets	118,761	13,566
Net assets, March 31, 1996	(272,971)	510,919
Net assets, March 31, 1997	(\$154,210)	\$524,485

See accompanying notes to financial statements

**Cenla Community Action
Committee, Inc.**

Statement of Functional Expenses

For the year ended March 31, 1997

	<u>Total Administrative Expenses</u>	<u>Total Program Expenses</u>
Salaries	\$258,241	\$2,647,355
Fringe benefits	34,144	386,927
Bank charges	0	651
Beneficiary food costs	0	164,990
Beneficiary non-food costs	0	280,322
Commodities distributed	0	22,300
Contract services	0	40,598
Depreciation	0	184,102
Employee development	0	35,846
In-kind services	0	109,918
Insurance expense	0	30,966
LaSalle expense	0	21,298
Nutrition & food	0	137,539
Occupancy	27,783	208,709
Other expense	0	45,893
Parent services	0	7,918
Pre-service expense	0	9,782
Printing	0	6,136
Professional expense	0	3,737
Program activities	0	12,084
Publications/subscriptions	0	1,956
Supplies	6,010	86,390
Travel and lodging	6,404	168,102
Total	<u><u>\$332,582</u></u>	<u><u>\$4,613,528</u></u>

See accompanying notes to financial statements

**Cenla Community Action
Committee, Inc.**

Statement of Cash Flows

For the year ended March 31, 1997

<i>Cash flows from operating activities</i>	
Change in net assets	\$ 132,327
<i>Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:</i>	
Depreciation	184,102
Increase in accounts receivable	(8,480)
Increase in accounts payable	36,871
Increase in cash overdraft	10,271
Decrease in deferred revenue	<u>(18,850)</u>
<i>Net cash provided by operating activities</i>	336,241
<i>Cash flows from investing activities:</i>	
Purchase of fixed assets	<u>(312,973)</u>
Net increase in cash	23,268
Cash, beginning of year	<u>60,355</u>
Cash, end of year	<u><u>\$ 83,623</u></u>

See accompanying notes to financial statements

Cenla Community Action Committee, Inc.
Notes to Financial Statements

March 31, 1997

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities:

Cenla Community Action Committee, Inc. (the Agency) is a Community Action Agency established to fight poverty in Rapides Parish, Louisiana and the surrounding area. The Agency is a nonprofit organization under the Internal Revenue Code section 501(c)(3). The agency handles various grants awarded to help it in this fight against poverty. The major funding sources are Health and Human Services' Head Start grant which provides over seventy-five percent of the funding. This program, along with the Child and Adult Care Food Program, supports the Child Development Centers. Other substantial programs are the Community Services Block Grant and the Low-Income Home Energy Assistance Program. All of these funding sources are restricted in the types of expenditures that are allowable.

Basis of Accounting

The financial statement of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Public Support and Revenue

Grant revenues are recognized as follows:

For entitlement grants in which unexpended funds are subject to future reprogramming, the entire amount of the grant award is recognized over the life of the grant. In cases where such grants span the Agency's fiscal year end, revenues are recognized in an amount equal to expenditures in the initial portion of the grant, and any excess is recognized in the period in which the grant terminates.

In cases of cost reimbursement grants where unexpended funds revert to the grantor at the conclusion of the grant period, grant revenues are recognized in an amount equal to expenditures, up to the maximum amount of the grant awarded.

In the case of unrestricted grants, the entire amount of the grant award is recognized as revenue upon receipt.

Cenla Community Action Committee, Inc.
Notes to Financial Statements

March 31, 1997

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services are valued at not more than the federal minimum wage in the period received.

Grants and other contributions of cash and other assets are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. This will affect the reported amounts of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these amounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Agency is required by certain grant provisions to maintain separate bank accounts.

Depreciation and Amortization

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Furniture and equipment are depreciated over their estimated useful lives of five to ten years using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are being amortized over the shorter of the lease term or useful life.