

1245

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 30 AM 11:33

**Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana**

Financial Statements With Auditors' Report

**As of and for the Years Ended December 31, 2003 and 2002
With Supplemental Information Schedules**

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

Release Date 8-4-04

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 13
Combining Schedules:	
Combining Schedule of Financial Position	14
Combining Schedule of Activities	15
Supplemental Information Schedules Prepared For Grants and Contracts Analysis	
Head Start Program Award No. 06CH5175/37 For the Contract Period: January 1, 2003 to December 31, 2003	17
Child and Adult Care Food Program For the Contract Period: October 1, 2002 to September 30, 2003	18
Project Independence For the Period: January 1, 2003 to December 31, 2003	19
General Services For the Period: January 1, 2003 to December 31, 2003	20

(Continued)

Table of Contents
(Continued)

	<u>Page No.</u>
Schedule of Expenditures of Federal Awards	21- 22
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23- 24
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	25- 26
Summary Schedule of Prior Audit Findings	27
Schedule of Findings and Questioned Costs	27 - 29
Summary Schedule of Audit Findings For the Louisiana Legislative Auditor:	
Prior Year Audit Findings	30
Current Year Audit Findings	31

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the accompanying statements of financial position of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Ouachita Multi-Purpose Community Action Program, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Ouachita Multi-Purpose Community Action Program, Inc. as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2004, on our consideration of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying supplemental schedules shown on pages 14-15, are presented for the purpose of additional analysis and are not a required part of the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents and shown on pages 17-20, are presented for the purpose of providing various funding sources of Ouachita Multi-Purpose Community Action Program, 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 Ouachita Multi-Purpose Community Action Program, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously and shown on pages 17-20 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart
Certified Public Accountants
May 10, 2004

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Financial Position
 December 31, 2003 and 2002

Assets	<u>2003</u>	<u>2002</u>
Current assets:		
Cash	\$ 464,697	\$ 158,413
Grant receivables	419,971	299,588
Accounts receivable-other		20,182
Due from other funds	134,155	89,908
Total current assets	<u>1,018,823</u>	<u>568,091</u>
Property and equipment:		
Property and equipment	3,441,669	2,377,145
Accumulated depreciation	(1,753,653)	(1,680,144)
Net property and equipment	<u>1,688,016</u>	<u>697,001</u>
Total Assets	<u>\$ 2,706,839</u>	<u>\$ 1,265,092</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 332,864	\$ 240,940
Accrued liabilities	196,848	80,898
Due to other funds	134,155	89,908
Current portion of long-term debt	71,094	
Refundable advances	18,024	10,487
Total current liabilities	<u>752,985</u>	<u>422,233</u>
Note payable, less current portion	<u>524,707</u>	
Total Liabilities	<u>1,277,692</u>	<u>422,233</u>
Net assets:		
Unrestricted:		
Operating	37,129	47,990
Designated for specific programs	99,164	97,868
Fixed assets	<u>1,292,854</u>	<u>697,001</u>
Total net assets	<u>1,429,147</u>	<u>842,859</u>
Total Liabilities and Net Assets	<u>\$ 2,706,839</u>	<u>\$ 1,265,092</u>

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

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Activities
 For the Years Ended December 31, 2003 and 2002

	Unrestricted	
	2003	2002
Revenues and Other Support:		
Contractual revenue - grants	\$ 6,008,472	\$ 5,580,697
Miscellaneous revenues	53,146	38,714
	6,061,618	5,619,411
Expenses:		
Head start program	4,186,241	3,862,107
Child and adult care food program	415,366	470,401
Community services block grant	560,953	480,050
Home energy assistance	209,643	784,293
Project independence	24,641	9,760
Housing counseling	1,066	16,469
OCCOG	8,094	10,868
Other general services	69,326	40,334
	5,475,330	5,674,282
Changes in net assets	586,288	(54,871)
Net assets, beginning of year	842,859	897,730
Net assets, end of year	\$ 1,429,147	\$ 842,859

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

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Cash Flows
 For the Years Ended December 31, 2003 and 2002

	2003	2002
Operating Activities		
Change in net assets	\$ 586,288	\$ (54,871)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,225	127,107
Loss on disposition of equipment	1,615	
(Increase) decrease in operating assets:		
Grant receivables	(120,383)	(53,105)
Accounts receivable - other	20,182	(20,182)
Increase (decrease) in operating liabilities		
Accounts payable	91,924	(8,443)
Accrued liabilities	115,950	2,401
Refundable advances	7,537	10,487
Net cash provided by operating activities	813,338	3,394
Investing Activities		
Payments for property and equipment	(502,855)	(69,741)
Net cash (used in) investing activities	(502,855)	(69,741)
Financing Activities		
Repayments of long-term debt	(4,199)	(7,043)
Net cash (used in) financing activities	(4,199)	(7,043)
Net increase (decrease) in cash	306,284	(73,390)
Cash as of beginning of year	158,413	231,803
Cash as of end of year	\$ 464,697	\$ 158,413
Supplemental disclosures:		
Cash paid for interest in 2003 and 2002 was \$8,887 and \$139, respectively.		
Acquisition of property		
Cost of property and equipment	\$ 1,102,855	
Property and equipment loans	(600,000)	
Cash down payment for property and equipment	\$ 502,855	

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

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Ouachita Multi-Purpose Community Action Program, Inc. (DMCAP) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. DMCAP is governed by a Board of Directors composed of members from Ouachita Parish. OMCAP operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Ouachita Parish in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by OMCAP:

Head Start Program (72%) – 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 and Adult Care Food Program (7%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

Community Services Block Grant (9%) – 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.

Home Energy Assistance Program (3%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Project Independence Program (.31%) – Provides transportation services to eligible participants. Funding is provided by federal funds from the Louisiana Department of Social Services.

Housing Counseling Services (1%)– Includes a full range of services, advice, and assistance to housing consumers to assist them in improving their housing conditions and meeting the responsibilities of homeownership and tenancy. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Ouachita Council of Governments (OCOG) (6%) – Accounts for quarterly reimbursements received from the Ouachita Council of Governments for general agency operations.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

General Services (1%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations.

B. Basis of Accounting

The financial statements of OMCAP 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

OMCAP 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 OMCAP's tax-exempt purpose is subject to taxation as unrelated business income. OMCAP 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, OMCAP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements 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.

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.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(2) Concentrations of Credit Risk

OMCAP maintains its temporary cash investments with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 at each bank. At December 31, 2003 and 2002, total cash balances held at financial institutions was \$768,849 and \$459,222, respectively. At December 31, 2003, \$271,782 was secured by FDIC, \$487,570 was secured by the bank with pledged securities, and the remaining \$9,497 was unsecured. At December 31, 2002, \$300,459 was insured by FDIC the remaining \$158,763 was unsecured.

Concentrations of credit risk with respect to grant receivables were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2003 and 2002, OMCAP had no significant concentrations of credit risk in relation to grant receivables.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2003 and 2002 but not received until after those dates.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 2003 and 2002:

Fund	2003		2002	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Head Start Program -				
from Child and Adult Care Program	\$ 66,589	\$ 43,207	\$ 60,000	\$ -
Project Independence	1,685	3,000	1,686	-
Community Services Block Grant	-	4,692	-	14,191
Child and Adult Care Food Program	-	67,092	-	60,000
Low-Income Home Energy Assistance Program	-	10,722	-	10,722
Ouachita Council of Governments	8,295	-	5,295	-
General Services	57,586	5,442	22,927	4,995
	<u>\$ 134,155</u>	<u>\$ 134,155</u>	<u>\$ 89,908</u>	<u>\$ 89,908</u>

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(5) Property and Equipment

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

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land		\$ 37,000	\$ 19,500	\$ 56,500
Buildings & improvements	20-30 years	712,934	-	712,934
Construction in process		1,110,653	-	1,110,653
Furniture and equipment	5 - 7 years	1,550,221	11,361	1,561,582
Accumulated depreciation		(1,742,292)	(11,361)	(1,753,653)
Net investment in property and equipment		<u>\$ 1,668,516</u>	<u>\$ 19,500</u>	<u>\$ 1,688,016</u>

Depreciation expense for the year ended December 31, 2003 was \$110,225.

Property and equipment consisted of the following at December 31, 2002:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land		\$ 37,000	\$ 19,500	\$ 56,500
Buildings & improvements	20-30 years	712,934	-	712,934
Construction in process		61,480	-	61,480
Furniture and equipment	5 - 7 years	1,534,870	11,361	1,546,231
Accumulated depreciation		(1,668,783)	(11,361)	(1,680,144)
Net investment in property and equipment		<u>\$ 677,501</u>	<u>\$ 19,500</u>	<u>\$ 697,001</u>

Depreciation expense for the year ended December 31, 2002 was \$127,107.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(6) Refundable Advances

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

(7) Contractual Revenue – Grants

During the years ended December 31, 2003 and 2002, OMCAP received contractual revenue from federal and state grants in the amount of \$6,008,472 and \$5,580,697, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Retirement Plan

OMCAP participates in a tax sheltered annuity whereby an amount equal to 7% of the salary of eligible employees is contributed to the plan. The amount contributed by OMCAP for the years ended December 31, 2003 and 2002 was \$167,888 and \$160,251, respectively.

(9) Long-term Debt

Long-term debt at December 31, 2003 and 2002 consists of the following:

Note payable to a bank, due in monthly installments of \$8,886 including interest 6.25%, secured by a building	<u>2003</u>
	\$ 595,801
Less current installments on long-term debt	<u>(71,094)</u>
Non-current portion of long-term debt	<u>\$ 524,707</u>

Interest expense paid on the note for the year ended December 31, 2003 was \$4,687.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

Maturities of long-term debt are as follows:

For the Year ending December 31,	Approximate Amount
2004	\$ 71,094
2005	75,667
2006	80,534
2007	85,714
2008	91,278
2009 and after	<u>191,514</u>
	<u>\$ 595,801</u>

(10) Unrestricted Operating Net Assets

Unrestricted operating net assets totaling \$37,129 and \$47,990 for 2003 and 2002, respectively, are detailed by individual program as follows:

	<u>2003</u>	<u>2002</u>
Ouachita Council of Governments	\$ 16,436	\$ 16,352
General Services	<u>20,693</u>	<u>31,638</u>
	<u>\$ 37,129</u>	<u>\$ 47,990</u>

(11) Unrestricted Designated Net Assets

As of December 31, 2003 and 2002, the unrestricted designated net assets consisted of funds designated to be used only for the operations of the following programs:

	<u>2003</u>	<u>2002</u>
Child and Adult Care Food Program	\$ 69,182	\$ 58,736
Workcamp Access	9,551	-
Housing Counseling	339	946
Job Access	20,092	20,092
Project Independence	-	18,094
	<u>\$ 99,164</u>	<u>\$ 97,868</u>

(12) Leases

The agency leases certain buildings under operating leases. The rental costs on these items for the year ended December 31, 2003 and 2002, were \$15,153 and \$14,549, respectively. There were no commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of December 31, 2003.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

(13) Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Accrued leave	\$ 45,767	\$ 43,194
Payroll taxes payable	42,944	19,715
Other payroll withholdings	<u>108,137</u>	<u>17,989</u>
	<u>\$ 196,848</u>	<u>\$ 80,898</u>

(14) Construction

The agency has entered into a construction contract on December 27, 2002, for the construction of a new Head Start facility for approximately \$1,046,000. Funding for the project will be provided by Head Start grant funds, Community Development Block Grant funds from the City of Monroe, and financing from a local bank if necessary. As of December 31, 2003, the agency had expended \$1,110,653 for construction and other costs associated with the project.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Combining Schedule of Financial Position
December 31, 2003

	Head Start Program	Child & Adult Care Food Program	Community Services Block Grant	Home Energy Assistance	Project Independence	Housing Counseling	OCOG	General	Total
Assets									
Current assets:									
Cash	\$ 28,682	\$ 76,233	\$	\$ 28,800	\$ 2,039	\$ 339	\$ 250,857	\$ 77,747	\$ 464,697
Grant receivables	314,099	80,174	24,037	634	1,685	1,027	8,295	57,586	419,971
Due from other funds	66,589								134,155
Total current assets	<u>409,370</u>	<u>156,407</u>	<u>24,037</u>	<u>28,800</u>	<u>4,358</u>	<u>339</u>	<u>260,179</u>	<u>135,333</u>	<u>1,018,823</u>
Property and equipment:									
Property and equipment	2,521,824	90,406	39,828	7,255	11,160	768	736,453	33,975	3,441,669
Accumulated depreciation	(1,624,980)	(66,190)	(39,043)	(3,473)	(5,035)	(192)	(265)	(14,475)	(1,753,653)
Net property and equipment	<u>896,844</u>	<u>24,216</u>	<u>785</u>	<u>3,782</u>	<u>6,125</u>	<u>576</u>	<u>736,188</u>	<u>19,500</u>	<u>1,688,016</u>
Total Assets	<u>\$ 1,306,214</u>	<u>\$ 180,623</u>	<u>\$ 24,822</u>	<u>\$ 32,582</u>	<u>\$ 10,483</u>	<u>\$ 915</u>	<u>\$ 996,367</u>	<u>\$ 154,833</u>	<u>\$ 2,706,839</u>
Liabilities and Net Assets									
Current liabilities									
Accounts payable	\$ 271,003	\$ 15,902	\$ 2,855	\$	\$	\$	\$ 43,104	\$	\$ 332,864
Accrued liabilities	95,160	4,231	16,490	54	1,358			79,555	196,848
Due to other funds	43,207	67,092	4,692	10,722	3,000			5,442	134,155
Current portion of long term debt							71,094		71,094
Refundable advances				18,024					18,024
Total current liabilities	<u>409,370</u>	<u>87,225</u>	<u>24,037</u>	<u>28,800</u>	<u>4,358</u>		<u>114,198</u>	<u>84,997</u>	<u>752,985</u>
Note payable, less current portion							524,707		524,707
Net assets:									
Unrestricted:									
Operating							16,436	20,693	37,129
Designated for specific programs		69,182				339		29,643	99,164
Fixed assets	896,844	24,216	785	3,782	6,125	576	341,026	19,500	1,292,854
Total net assets	<u>896,844</u>	<u>93,398</u>	<u>785</u>	<u>3,782</u>	<u>6,125</u>	<u>915</u>	<u>357,462</u>	<u>69,836</u>	<u>1,429,147</u>
Total Liabilities and Net Assets	<u>\$ 1,306,214</u>	<u>\$ 180,623</u>	<u>\$ 24,822</u>	<u>\$ 32,582</u>	<u>\$ 10,483</u>	<u>\$ 915</u>	<u>\$ 996,367</u>	<u>\$ 154,833</u>	<u>\$ 2,706,839</u>

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 2003

	Head Start Program	Child & Adult Care Food Program	Community Services Block Grant	Home Energy Assistance	Project Independence	Housing Counseling	OCOG	General	Total
Revenues and Other Support									
Contractual revenue-grants	\$ 4,446,693	\$ 418,812	\$ 559,081	\$ 208,584	\$ 10,972	\$ 305	\$ 341,025	\$ 23,000	\$ 6,008,472
Miscellaneous revenues				35			8,179	44,932	53,146
Total revenues and other support	4,446,693	418,812	559,081	208,619	10,972	305	349,204	67,932	6,061,618
Expenses:									
Salaries	2,505,215	166,124	300,302	17,694	9,761			3,449	3,002,545
Fringe Benefits	700,709	46,537	89,806	3,736	3,093			264	844,145
Travel	182,290		1,046	1,096			402		184,834
Occupancy	252,388	407	23,694						276,489
Telephone		705	15,857					3	16,565
Insurance	85,483		12,651		1,920				100,054
Vehicle operation	223,321		14,483					51	237,855
Supplies and postage		14,479	6,757	5,174			789	34	27,233
Equipment expenses	18,456	1,326	640	3,403					23,825
Professional services	9,321	2,181	2,273	1,996				373	16,144
Food and related supplies	89,534	166,393							255,927
Miscellaneous	18,252	4,720	3,885	4,855	7,837	912	6,638	65,152	112,251
Client assistance payments			87,687	170,665					258,352
Interest	8,886								8,886
Depreciation	92,386	12,494	1,872	1,024	2,030	154	265		110,225
Total expenses	4,186,241	415,366	560,953	209,643	24,641	1,066	8,094	69,326	5,475,330
Change in net assets	260,452	3,446	(1,872)	(1,024)	(13,669)	(761)	341,110	(1,394)	586,288
Net assets, as of beginning of year	636,392	89,952	2,657	4,806	19,794	1,676	16,352	71,230	842,859
Net assets as of end of year	\$ 896,844	\$ 93,398	\$ 785	\$ 3,782	\$ 6,125	\$ 915	\$ 357,462	\$ 69,836	\$ 1,429,147

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

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Head Start Grant No. 06CH5175/37
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: January 1, 2003 to December 31, 2003

	Budget	Actual	COB Balances Current Year
Revenues			
Federal share awarded this period	\$ 4,737,515	\$ 4,737,515	
Grantee's contribution	1,184,379	1,126,952	
Total revenue	5,921,894	5,864,467	
Expenditures:			
Head Start program			
Personnel	2,680,795	2,505,215	175,580
Fringe benefits	654,831	700,709	(45,878)
Travel	60,000	77,814	(17,814)
Equipment	75,000	35,194	39,806
Supplies	161,273	279,527	(118,254)
Contractual	94,854	15,720	79,134
Facilities/Construction	270,805	270,805	
Other	739,957	622,823	117,134
	4,737,515	4,507,807	229,708
Grantee's share	1,184,379	1,126,952	
Total all expenditures	\$ 5,921,894	5,634,759	
Revenue over (under) expenditures		229,708	
Fund balance, beginning January 1, 2003		541,334	
Reprogrammed grant #06CH5175/36		(548,007)	
Fund balance, ending December 31, 2003		\$ 223,035	
Fund balance analysis:			
Revenues over expenditures grant #06CH5175/26		\$ 106,767	
Reprogrammed from grant #06CH5175/26		(113,440)	
Revenues over expenditures grant #06CH5175/37		229,708	
Fund Balance, December 31, 2003		\$ 223,035	

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Child and Adult Care Food Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: October 1, 2002 to September 30, 2003

Revenue

Contract revenue	\$	407,883
		<hr/>
Total revenue		407,883
		<hr/>

Expenditures:

Personnel		170,560
Fringe benefits		45,178
Travel		3,633
Audit		2,558
Office supplies, postage and telephone		19,292
Food purchases		185,079
		<hr/>
Total expenditures		426,300
		<hr/>

Excess revenue (expenditures)		(18,417)
Fund balance, October 1, 2002		48,600
		<hr/>
Fund balance, September 30, 2003	\$	30,183
		<hr/> <hr/>

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Project Independence
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 2003 to December 31, 2003

Revenue:

Grant revenue	\$ 10,756
	<hr/>
Total revenue	10,756
	<hr/>
Expenditures:	
Salaries	9,761
Fringe benefits	3,093
Vehicle expense	14,274
Other	1,938
	<hr/>
Total expenditures	29,066
	<hr/>
Excess revenue (expenditures)	(18,310)
	<hr/>
Fund balance, January 1, 2003	18,094
	<hr/>
Fund balance, December 31, 2003	\$ (216)
	<hr/> <hr/>

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 General Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: January 1, 2003 to December 31, 2003

Revenue:

Miscellaneous	\$	44,933
Workcamp revenue		23,000
		67,933
Total revenue		67,933

Expenditures:

Personnel		3,449
Fringe benefits		264
Office supplies, postage and telephone		461
Miscellaneous		65,153
		69,327
Total expenditures		69,327
Excess revenue (expenditures)		(1,394)
Fund balance, January 1, 2003		71,230
Fund balance, December 31, 2003	\$	69,836

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana

Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2003

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 12-31-03)	93.600	06CH5175/37	\$ 4,507,807
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	2002N0027	125,044
Community Services Block Grant	93.569	2003N0027	421,874
Passed through Louisiana Housing Finance Agency Temporary Assistance for Needy Families	93.558	Unknown	7,675
Low-Income Home Energy Assistance Program	93.568	Unknown	195,440
Passed through Louisiana Department of Social Services, Office of Family Support Project Independence	93.561	Unknown	10,756
Total U.S. Department of Health and Human Services			5,268,596

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2003
 (Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (Head Start) (Fy 9-30-03)	10.558	Unknown	278,277
Child and Adult Care Food Program (Head Start) (Fy 9-30-04)	10.558	Unknown	101,032
			<u>379,309</u>
<u>Total U.S. Department of Agriculture</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Housing Counseling	14.169	Unknown	304
Passed through the City of Monroe			
Community Development Block Grant	14.218	Unknown	298,805
			<u>299,109</u>
<u>Total U.S. Department of Housing and Urban Development</u>			
			<u>\$ 5,947,014</u>

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

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ouachita Multi-Purpose Community Action Program, 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 Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ouachita Multi-Purpose Community Action Program, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-B1 and 2003-B2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting which we have reported to management of *Ouachita Multi-Purpose Community Action Program, Inc.* in a separate management letter dated May 10, 2004.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Cook & Morehart
Certified Public Accountants
May 10, 2004

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

Compliance

We have audited the compliance of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) 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, 2003. Ouachita Multi-Purpose Community Action Program, 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 Ouachita Multi-Purpose Community Action Program, Inc.'s management. Our responsibility is to express an opinion on Ouachita Multi-Purpose Community Action Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ouachita Multi-Purpose Community Action Program, 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 of Ouachita Multi-Purpose Community Action Program, Inc.'s compliance with those requirements.

In our opinion, Ouachita Multi-Purpose Community Action Program, 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, 2003.

Internal Control Over Compliance

The management of Ouachita Multi-Purpose Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over compliance with requirements that could have a direct and

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Ouachita Multi-Purpose Community Action Program, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-C1 and 2003-C2.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are not 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 10, 2004

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2003

There were no findings or questioned costs for the prior year audit ended December 31, 2002.

Schedule of Findings and Questioned Costs
December 31, 2003

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Ouachita Multi-Purpose Community Action Program, Inc.
2. Two reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The conditions are not reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. were disclosed during the audit.
4. Two 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. The conditions are not reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for Ouachita Multi-Purpose Community Action Program, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Ouachita Multi-Purpose Community Action Program, Inc. are reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, 2) Low-Income Home Energy Assistance Program CFDA #93.568.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Ouachita Multi-Purpose Community Action Program, Inc qualifies as a low-risk auditee.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2003
(Continued)

B. Findings – Financial Statements Audit

2003-B1 - REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that initial reimbursements to the payroll account from the Head Start program for payroll-related liabilities were for lesser amounts than actually owed. We also noted that certain insurance and retirement payments were not made timely. This created significant additional audit time and analysis to correct.

Cause: There was not an adequate monitoring of the payroll process to ensure transfers to payroll account and payments to vendors were made timely and in correct amounts.

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

Response: Payroll reimbursements will be reviewed by the Fiscal Director every payroll. The payroll fund's general ledger will be maintained on a current basis and reviewed by the Fiscal Director monthly to ensure transfers and payments are being made correctly and timely.

2003-B1 - REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that a correct listing of accounts payable was not prepared for the Head Start grant period ending December 31, 2003. Significant additional audit time and staff time was required to properly reflect the accounts payable at December 31, 2003.

Cause: There was not a proper monitoring at the end of the grant period to ensure that the expenditures were charged to the correct grant.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2003
(Continued)

Recommendation: We recommend procedures be put in place to ensure a proper monitoring of period of availability requirements at grant-end dates.

Response: Procedures will be developed to ensure proper monitoring of payables at the end of the grant. Purchase Reqs., Purchase Orders and Payment Authorization Vouchers will be monitored and properly coded to ensure proper listing of payables at grant end. An individual outside the Fiscal Office will be trained to check all invoices during the first quarter each year to be sure only those items properly chargeable to the previous year are accrued on the payables list.

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES - Head Start Program – CFDA No. 93.600

2003-C1 – REPORTABLE CONDITION

Reportable Condition: As discussed in Reportable Condition 2003-B1, we noted that initial reimbursements to the payroll account from the Head Start program for payroll-related liabilities were for lesser amounts than actually owed. We also noted that certain insurance and retirement payments were not made timely. This created significant additional audit time and analysis to correct.

2003-C2 – REPORTABLE CONDITION

Reportable Condition: As discussed in Reportable Condition 2003-B2, we noted that a correct listing of accounts payable was not prepared for the Head Start grant period ending December 31, 2003. Significant additional audit time and staff time was required to properly reflect the accounts payable at December 31, 2003.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2003

There were no prior year findings for the year ended December 31, 2002. The prior year management letter comments for the year ended December 31, 2002 are addressed below:

Comment #1: Payroll Account

See reportable condition in current year schedule of findings and questioned costs.

Comment #2: Payroll Tax Reports

Improvement noted.

Comment #3: Test of Payroll Transactions

See management letter comment in current year audit.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2003

Findings for the current year audit are addressed in the accompanying Schedule of Findings and Questioned Costs.

The corrective action plan for the management letter comments for the year ended December 31, 2003 are addressed below:

Comment #1: Bank Reconciliations

Outstanding checks will be reviewed each month and the continued appearance of outstanding checks on a statement for two months will prompt a call to the vendor holding the check that it will be stale dating in 30 days. A form letter will be sent to the vendor advising that the check will be void if not produced for payment in 30 days. Any check not already printed to show the void date, will be rubber stamped to expire in 90 days by this office. Checks 90 days old will be voided.

Comment #2: Payroll Deductions

Authorizations for deductions will be completed and continually scrutinized for all amounts withheld from employee's check.

Comment #3: Request for T& T/A Funds

Procedures will be put into place to ensure use of T/TA funds early in the program year and requesting reimbursements in a timely manner. Once funds are requested, follow-up will be done with the consortium banker to ensure timely receipt of the funds.

Comment #4: Liheap File Exam

LIHEAP personnel will continue to be trained in calculating the annual income of the applicants. Internally, an audit will be conducted on every 10th application to see if the payment is calculated properly.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 30 AM 11:33

Management Letter

May 10, 2004

Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. (OMCAP), for the year ended December 31, 2003, and have issued our report thereon dated May 10, 2004. In planning and performing our audit of the financial statements of OMCAP, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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

Comment #1: Bank Reconciliations

During our audit, we noted that the bank reconciliations contain numerous old outstanding checks.

We recommend that outstanding checks be reviewed each month and be voided in a timely manner when appropriate.

Comment #2: Payroll Deductions

During our testing of payroll transactions, we noted several instances where there were no signed authorizations from employees for amounts withheld from their paychecks. We also noted some instances where the employee's signed authorization was for a different amount than that withheld from their checks.

We recommend that authorization for deductions be completed and updated periodically as needed for all amounts withheld from employee checks.

Comment #3: Request for T & T/A Funds

During our audit, we noted that the agency did not submit a timely request to receive its training and technical assistance funding from the local consortium under its Head Start program.

We recommend procedures be put in place to ensure that requests for funding are submitted timely in the future.

Comment #4 Liheap File Exam

During our eligibility testing under the Liheap program, we noted that in 2 of 25 files tested, income amounts were annualized incorrectly, resulting in immaterial differences in benefit amounts.

We recommend that individuals responsible for processing eligibility applications be properly trained in income annualization calculations.

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



Cook & Morehart
Certified Public Accountants
May 10, 2004