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**Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana**

**Financial Statements**

**As of and for the Year Ended June 30, 2004  
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 \_\_\_\_\_

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-14
<b>Combining Schedules:</b>	
Combining Schedule of Financial Position	15
Combining Schedule of Activities	16
<b>Supplemental Information Schedules Prepared For Grants and Contracts Analysis:</b>	
<b>Head Start Program Grant Award 06CH0220/20</b>	17
For the contract Period: December 1, 2002 to November 30, 2003	
<b>Child and Adult Care Food Program</b>	18
For the Period : October 1, 2002 to September 30, 2003	
<b>Community Services Block Grant Contract No. 2004N0032</b>	19
For the Contract Period: March 1, 2004 to June 30, 2004	
<b>Community Services Block Grant Contract No. 2003N0032</b>	20
For the Contract Period: January 1, 2003 to June 30, 2004	
<b>Project Independence Transportation Program</b>	21
<b>CFMS #529671, 530707, 530732, 529594 and Title XIX</b>	
For the Contract Periods: July 1, 2003 to June 30, 2004	

(Continued)

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Emergency Food and Shelter</b> For the Period: January 1, 2003 to December 31, 2003	22
<b>Section 8 Housing Assistance Program</b> For the Contract Period: October 1, 2002 to September 30, 2003	23
<b>Commodities Distribution Program</b> For the Period: July 1, 2003 to June 30, 2004	24
<b>Medicaid Program</b> For the Period: July 1, 2003 to June 30, 2004	25
<b>General Unrestricted Funds</b> For the Period: July 1, 2003 to June 30, 2004	26
<b>Schedule of Expenditures of Federal Awards</b>	27-28
<b>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></b>	29
<b>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133</b>	30-31
<b>Summary Schedule of Prior Audit Findings</b>	32
<b>Schedule of Findings and Questioned Costs</b>	32
<b>Schedule of Prior Audit Findings For Louisiana Legislative Auditor</b>	33
<b>Schedule of Current Audit Findings For Louisiana Legislative Auditor</b>	34

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## Independent Auditor's Report

To the Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the accompanying statement of financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 2004 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 17, 2004 on my consideration of Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting and my 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 my audit.

My audit was performed for the purpose of forming an opinion on the financial statements 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying supplemental combining schedules on pages 15 and 16 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules For Grants and Contracts Analysis" in the table of contents, and shown on pages 16 - 25, are presented for the purpose of providing various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc., and certain schedules are for periods other than Pine Belt's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in my opinion, they are fairly stated on the basis of accounting practices prescribed by the funding sources.

A handwritten signature in black ink, appearing to read "John J. B...".

December 17, 2004

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Financial Position  
June 30, 2004

Assets	
Current assets:	
Cash	\$ 128,874
Grant receivables	49,804
Due from other funds	93,630
Other receivables	<u>1,688</u>
Total current assets	<u>273,996</u>
Property and equipment:	
Property and equipment	1,382,098
Accumulated depreciation	<u>1,043,749</u>
Net property and equipment	<u>338,349</u>
Other assets:	
Construction in progress	<u>58,850</u>
Total other assets	<u>58,850</u>
<b>Total Assets</b>	<b>\$ <u><u>671,195</u></u></b>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 53,213
Accrued liabilities	18,677
Refundable advances	80,597
Due to other funds	93,630
Line of credit	25,000
Current portion of long-term debt	9,090
Current portion of other long-term liabilities	<u>6,439</u>
Total current liabilities	<u>286,646</u>
Long-term Liabilities:	
Long-term debt	10,028
Other long-term liabilities	<u>0</u>
Total long-term liabilities	<u>10,028</u>
Total Liabilities	<u>296,674</u>
Net assets:	
Unrestricted:	
Operating	(17,773)
Designated for specific programs	92,036
Fixed assets	<u>300,258</u>
Total net assets	<u>374,521</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>671,195</u></u></b>

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

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Activities  
For the Year Ended June 30, 2004

	<u>Unrestricted</u>
Revenues and Other Support:	
Contractual revenue - grants	\$ 3,289,645
Donations - police juries	33,000
Miscellaneous revenues	52,773
Gain on disposal of vehicles	530
Total revenues and other support	3,375,948
Expenses:	
Head Start program	2,287,379
Child nutrition services	134,447
Community services	392,339
Transportation services	233,222
Emergency food and shelter	55,814
Housing services	97,883
Summer food service	132,097
Commodities distribution	1,457
Medicaid services	2,543
Other general services	96,296
Total expenses	3,433,477
Change in net assets	(57,529)
Transfers in	47,201
Transfers out	(47,201)
Prior year adjustment	1,106
Net assets, as of beginning of year	430,944
Net assets, as of end of year	\$ 374,521

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

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2004

Operating activities	
Change in net assets	\$ (57,529)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	62,185
Loss on sale of property and equipment	0
(Increase) decrease in operating assets:	
Grant receivables	(15,761)
Other receivables	5,744
Increase (decrease) in operating liabilities:	
Accounts payable	41,404
Accrued liabilities	794
Refundable advances	<u>58,774</u>
Net cash provided by operating activities	<u>95,611</u>
Investing Activities	
Payments for property and equipment	(27,100)
Construction in progress	<u>(58,850)</u>
Net cash used in investing activities	<u>(85,950)</u>
Financing Activities	
New loan principal	33,675
Repayments of long-term debt	(5,848)
Repayments of other long-term liabilities	<u>(6,528)</u>
Net cash provided by financing activities	<u>21,299</u>
Net increase (decrease) in cash	30,960
Cash as of beginning of year	<u>97,914</u>
Cash as of ending of year	<u>\$ 128,874</u>

Supplemental Disclosures

Operating activities reflect interest paid of \$3,444.

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

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements  
June 30, 2004

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Pine Belt Multi-Purpose Community Action Agency, Inc. (Pine Belt) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. Pine Belt is governed by a Board of Directors composed of members from Jackson, Bienville, Morehouse, Red River, Sabine and Winn Parishes which are the parishes that Pine Belt serves. Pine Belt operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in these parishes in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by Pine Belt:

**Head Start Program (65%)** - 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 (5%)** - Provides a food service program in coordination with the Head Start and Summer Child Care Assistance Programs. Funding is provided by the federal funds from U.S.D.A. passed through the Louisiana Department of Education.

**Community Services Block Grant (11%)** - 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.

**Project Independence Transportation (7%)** - Provides transportation services to eligible participants. Funding is provided by federal and state funds from Louisiana Department of Social Services, transportation fares, and miscellaneous revenues.

**Emergency Food and Shelter (1%)** - Provides emergency food and shelter in areas of high need throughout the community to persons based upon their unemployment or poverty status. Funding is provided by federal FEMA funds passed through a local governing board.

**Section 8 Housing Assistance Program (3%)** - Provides a housing subsidy program funded by the United States Department of Housing and Urban Development. Pine Belt has entered into a contract to administer the program for Jackson Parish in Louisiana. The program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's at required contribution toward the rent.

**Summer Food Service Program (4%)** - Provides a food service program for needy children during the summer months when area schools are closed for the summer. Funding is provided by federal funds passed through the Louisiana Department of Education.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

**Commodities Distribution (0%)** - Provides distribution of U.S.D.A. donated commodities to eligible persons in the community. Funding is provided by federal funds passed through the Louisiana Department of Agriculture and Forestry.

**Medicaid Application Services (0%)** - Provides assistance to qualified citizens of the Agency's service area in the preparation of the applications for the receipt of Medicaid funding. Funding is provided by the Louisiana Department of Health and Human Services.

**General Assistance (3%)** - Accounts for miscellaneous administrative activities and other general operations of the agency that are not charged to another fund. Revenue consists of miscellaneous receipts collected during the year.

**B. Basis of Accounting**

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

**C. Basis of Presentation**

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

**D. Income Tax Status**

Pine Belt is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of Internal Revenue Code. However, income from certain activities not directly related to Pine Belt's tax - exempt purpose would be subject to taxation as unrelated business income. Pine Belt had no such income for this audit period.

**E. Uses 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 the reported revenues and expenses. Actual results could differ from those estimates.

**F. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, Pine Belt considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

G. Property and Equipment

Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method 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.

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. Compensated Absences

Employees may accrue vacation leave up to 144 hours. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 80 hours. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

J. 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 benefitted.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Pine Belt to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2004, Pine belt had no significant concentrations of credit risk in relation to grant receivables.

Pine Belt maintains cash balances at a financial institutions. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2004, total cash balances held at the financial institution was \$128,874. Of this amount, \$100,000 was secured by FDIC and the remaining \$28,874 was secured by a collateralization agreement with a financial institution.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2004, but received after that date.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2004:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Unrestricted	\$ 93,630	\$ -0-
Restricted Funds:		
Head Start - due from Head Start Food Service	-0-	-0-
Head Start Food Service	-0-	-0-
Community Services Block Grant	-0-	-0-
Project Independence Transportation Program	-0-	85,879
Commodities	-0-	7,751
Section 8 Housing Assistance Program	-0-	-0-
Summer Food Service	<u>-0-</u>	<u>-0-</u>
	<u>\$ 93,630</u>	<u>\$ 93,630</u>

(5) Property and Equipment

Property and Equipment consists of the following at June 30, 2004:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	20-30 years	\$ 184,116	\$ -0-	\$ 184,116
Furniture and Equipment	5-7 years	431,457	43,357	474,814
Vehicles	5 years	500,167	144,658	644,825
Land and Site Improvements		58,343	20,000	78,343
Accumulated Depreciation		<u>(893,824)</u>	<u>(149,925)</u>	<u>(1,043,749)</u>
Net investment in property and equipment		<u>\$ 280,259</u>	<u>\$ 58,090</u>	<u>\$ 338,349</u>

Depreciation for the year ended June 30, 2004 is \$62,185.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

Land and site improvements include a lot valued at \$20,000 donated to Pine Belt by the Town of Jonesboro in December, 2001 for the providing of Head Start or other educational services. The donation deed stipulates that if Pine Belt ceases to use the property as a Head Start or other educational facility for a period of six months, the property is to immediately revert back to the donor. The Department of Health and Human Services provided funding for the site improvements and construction of the building located on the property.

(6) Refundable Advances

Pine Belt 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) Other Liabilities

Other Liabilities at June 30, 2004 consist of the following:

	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>
Amount due to the Louisiana Department of Social Services, Office of Community Services resulting from unresolved findings and questioned costs associated with the Weatherization Assistance Program from 1989 through 1994. A repayment agreement for \$59,206 has been formally accepted. The repayment agreement calls for an initial payment of \$2,000 with 105 monthly payments of \$544 and the 106 <sup>th</sup> payment in the amount of \$87.	\$ 6,439	\$ 6,439	\$ -0-
<b>Total Other Liabilities</b>	<b>\$ 6,439</b>	<b>\$ 6,439</b>	<b>\$ -0-</b>

(8) Long-Term Debt

Long-Term Debt as of June 30, 2004 consist of following:

Note payable to bank due in monthly installments of principal and interest of \$594, with fixed interest at 9.07% until January 15, 2006, secured by a vehicle.	\$ 10,444	\$ 6,441	\$ 4,003
Note payable to bank due in monthly installments of principal and interest of \$274, with fixed interest of 8.547% until June 21, 2007, secured by a vehicle.	<u>8,674</u>	<u>2,649</u>	<u>6,025</u>
<b>Total Long-Term Debt</b>	<b>\$ 19,118</b>	<b>\$ 9,090</b>	<b>\$ 10,028</b>

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

Maturities of long-term debt are as follows:

Years Ending <u>June 30</u>	<u>Amount</u>
2005	\$ 9,090
2006	6,887
2007	<u>3,141</u>
	<u>\$19,118</u>

Interest expense paid on Long-Term Debt for the year ended June 30, 2004 was \$3,444.

(9) Line of Credit

Pine Belt has a line of credit at a local bank with an interest rate fixed at 9.5% at June 30, 2004. The loan is unsecured.

Line of credit limit	\$ 50,000
Outstanding loan balance	\$ 25,000

(10) Unrestricted Operating Net Assets

As of June 30, 2004, the unrestricted operating net assets consisted of the following programs:

Project Independence Transportation	\$(134,044)
Medicaid	2,329
General Services	<u>113,942</u>
	<u>\$ (17,773)</u>

(11) Unrestricted Designated Net Assets

As of June 30, 2004, the unrestricted designed net assets consisted of the following programs:

Child Adult Care Food Program	\$ 18,530
Project Independence Transportation	81,257
Commodities Program	<u>(7,751)</u>
	<u>\$ 92,036</u>

These funds are designated to be used only for the operations of these programs.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

(12) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$14,785 during July 1, 2003 thru June 30, 2004. The value of the commodities distributed is not reflected in the accompanying financial statements.

(13) Contractual Revenue - Grants

During the year ended June 30, 2004, Pine Belt received contractual revenue from federal and state grants in the amount of \$3,289,645. The continued existence of these funds is based on annual contract renewals with various funding sources.

(14) Leases

Pine Belt leases certain buildings and equipment under operating leases. Some leases contain renewal options for periods ranging from one to five years. The rental costs on the buildings and equipment for the year ended June 30, 2004, was \$21,920 and \$19,537, respectively. Future minimum lease payments under leases that have remaining terms in excess of one year as of June 30, 2004, are:

<u>Year Ending June 30:</u>	<u>Buildings</u>	<u>Equipment</u>
2005	\$ 19,960	\$ 19,080
2006	19,960	19,080
2007	<u>19,960</u>	<u>19,080</u>
	<u>\$ 59,880</u>	<u>\$ 57,240</u>

(15) Retirement Obligations

In December, 2001, Pine Belt began participating in a 403 B deferred compensation program whereby an amount up to 6% of the salary of eligible employees is contributed to the program. The amount contributed for the year ended June 30, 2004 was \$28,241.

(16) Partnership Investments

Pine Belt is a member in the following limited partnerships:

Pine Belt serves as the Managing General Partner for Sabine Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty unit apartment complex in Many, Louisiana known as William E. Ruffin Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Northwood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty unit apartment complex in Bastrop, Louisiana, known as Northwood Apartments, permanent financing

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Maplewood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty unit apartment complex in Winnfield, Louisiana, known as Maplewood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Bienville Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Ringgold, Louisiana, known as Bienville Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Many Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Many, Louisiana, known as Many Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Timbers Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a forty eight unit apartment complex in Many, Louisiana, known as Timbers Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Jackson Square Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Jonesboro, Louisiana, known as Jackson Square Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Riverwood Apartments Partnership organized and operated for the purchase, remodeling, ownership and management of a forty eight unit apartment complex in Coushatta, Louisiana, known as Riverwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Rockwood Apartments II Partnership organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Winnfield, Louisiana, known as Rockwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

Pine Belt serves as the Managing General Partner for Many Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Many, Louisiana, known as Many Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Coushatta Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Coushatta, Louisiana, known as Coushatta Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Shady Lane Senior Apartments, ALPIC organized and operated for the purchase, remodeling, ownership and management of a thirty two unit apartment complex in Winnfield, Louisiana, known as Shandy Lane Senior Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt received a management fee from these partnerships for being the Managing General Partner in the amount of \$18,975 for the period ending June 30, 2004.

## **Combining Schedules**

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Combining Schedule of Financial Position

June 30, 2004

	Head Start Program	Child Nutrition Services	Community Services	Transportation Services	Emergency Food & Shelter	Housing Services	Summer Food Service	Commodities Distribution	Medicaid	Other General Services	Total
<b>Assets</b>											
<b>Current assets.</b>											
Cash	\$ 13,662	\$ 19,131	\$ 5,752	\$ 1,395	\$ 15,168	\$ 7,494	\$ 19,428	\$ 0	\$ 1,025	\$ 45,819	\$ 128,874
Grant receivables	0	0	0	29,721	0	0	18,779	0	1,304	0	49,804
Due from other funds	0	0	0	0	0	0	0	0	0	93,830	93,830
Other Receivables	0	0	0	0	0	0	0	0	0	1,688	1,688
<b>Total current assets</b>	<b>13,662</b>	<b>19,131</b>	<b>5,752</b>	<b>31,116</b>	<b>15,168</b>	<b>7,494</b>	<b>38,207</b>	<b>0</b>	<b>2,329</b>	<b>141,137</b>	<b>273,996</b>
<b>Property and equipment:</b>											
Property and equipment	1,118,171	1,175	53,394	94,039	0	0	0	0	0	115,319	1,382,098
Accumulated depreciation	828,347	1,025	43,110	91,345	0	0	0	0	0	79,922	1,043,748
<b>Net property and equipment</b>	<b>289,824</b>	<b>150</b>	<b>10,284</b>	<b>2,694</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,397</b>	<b>338,349</b>
<b>Other Assets</b>											
Construction In Progress	58,850										58,850
<b>Total other assets</b>	<b>58,850</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,850</b>
<b>Total Assets</b>	<b>\$ 362,336</b>	<b>\$ 19,281</b>	<b>\$ 16,036</b>	<b>\$ 33,810</b>	<b>\$ 15,168</b>	<b>\$ 7,494</b>	<b>\$ 38,207</b>	<b>\$ 0</b>	<b>\$ 2,329</b>	<b>\$ 176,534</b>	<b>\$ 671,195</b>
<b>Liabilities and Net Assets</b>											
<b>Current liabilities:</b>											
Accounts payable	\$ 9,210	\$ 801	\$ 924	\$ 718	\$ 0	\$ 0	\$ 38,207	\$ 0	\$ 0	\$ 3,553	\$ 53,213
Accrued liabilities	10,195	0	0	0	0	0	0	0	0	8,482	18,677
Refundable advances	53,107	0	4,828	0	15,168	7,494	0	0	0	0	80,597
Due to other funds	0	0	0	85,879	0	0	0	7,751	0	0	93,630
Line of credit	0	0	0	0	0	0	0	0	0	25,000	25,000
Current portion long-term debt	0	0	0	0	0	0	0	0	0	9,090	9,090
Current portion of other long-term liabilities	0	0	0	0	0	0	0	0	0	6,439	6,439
<b>Total current liabilities</b>	<b>72,512</b>	<b>601</b>	<b>5,752</b>	<b>86,597</b>	<b>15,168</b>	<b>7,494</b>	<b>38,207</b>	<b>7,751</b>	<b>0</b>	<b>52,564</b>	<b>286,646</b>
<b>Long-term liabilities:</b>											
Long-term debt	0	0	0	0	0	0	0	0	0	10,028	10,028
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
<b>Total long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,028</b>	<b>10,028</b>
<b>Net assets:</b>											
<b>Unrestricted:</b>											
Operating	0	0	0	(134,044)	0	0	0	0	2,329	113,942	(17,773)
Designated for specific programs	0	18,530	0	81,257	0	0	0	(7,751)	0	0	92,036
Fixed assets	289,824	150	10,284	0	0	0	0	0	0	0	300,258
<b>Total net assets</b>	<b>289,824</b>	<b>18,680</b>	<b>10,284</b>	<b>(52,787)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,751)</b>	<b>2,329</b>	<b>113,942</b>	<b>374,521</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 362,336</b>	<b>\$ 19,281</b>	<b>\$ 16,036</b>	<b>\$ 33,810</b>	<b>\$ 15,168</b>	<b>\$ 7,494</b>	<b>\$ 38,207</b>	<b>\$ 0</b>	<b>\$ 2,329</b>	<b>\$ 176,534</b>	<b>\$ 671,195</b>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

**Combining Schedule of Activities**

For the Year Ended June 30, 2004

	Head Start Program	Child Nutrition Services	Community Services	Transportation Services	Emergency Food & Shelter	Housing Services	Summer Food Service	Commodities Distribution	Medicaid	Other General Services	Total
<b>Revenues and Other Support:</b>											
Contractual revenue - grants	\$ 2,194,426	\$ 176,519	\$ 387,885	\$ 235,546	\$ 55,814	\$ 97,807	\$ 132,097	\$ 0	\$ 4,748	\$ 4,800	\$ 3,289,645
Donations - police juries	0	0	0	0	0	0	0	0	0	33,000	33,000
Miscellaneous revenues	2,836	0	0	0	0	76	0	0	0	49,861	52,773
Gain on disposal of vehicles	0	0	0	530	0	0	0	0	0	0	530
<b>Total revenues and other support</b>	<b>2,197,262</b>	<b>176,519</b>	<b>387,885</b>	<b>236,076</b>	<b>55,814</b>	<b>97,883</b>	<b>132,097</b>	<b>0</b>	<b>4,748</b>	<b>87,661</b>	<b>3,375,948</b>
<b>Expenses:</b>											
Salaries	1,661,640	36,471	267,471	126,393	0	0	29,873	0	0	36,375	2,158,123
Fringe benefits	246,792	7,878	40,146	15,970	0	0	3,872	0	0	2,217	315,875
Travel	4,226	80	3,927	1,196	0	0	1,261	558	0	2,241	13,489
Equipment and maintenance	0	0	0	0	0	0	0	0	0	2,697	2,697
Occupancy	124,744	3,274	0	3,328	0	0	5,944	0	0	8,003	145,293
Telephone	27,953	0	0	0	0	0	178	10	0	143	28,294
Insurance	39,143	0	0	13,720	0	0	0	0	0	7,217	60,080
Vehicle operation	49,770	0	0	45,111	0	0	0	0	0	0	94,881
Supplies and postage	50,744	5,052	0	9,556	0	0	5,936	367	0	12,196	83,851
Professional services	22,732	815	0	1,500	0	1,075	189	710	0	0	27,021
Food and related supplies	0	79,147	2,175	0	0	0	84,122	0	0	0	165,444
Miscellaneous	16,819	1,630	0	2,237	1,080	12,273	722	522	2,543	14,502	52,441
Client and assistance payments	0	0	74,166	0	54,724	84,532	0	0	0	5,947	219,369
Depreciation	42,916	100	4,454	13,952	0	0	0	0	0	763	62,185
Loss on disposition of fixed assets	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	258	0	0	0	0	0	3,185	3,444
<b>Total expenses</b>	<b>2,287,379</b>	<b>134,447</b>	<b>392,339</b>	<b>233,222</b>	<b>55,814</b>	<b>97,883</b>	<b>132,097</b>	<b>1,457</b>	<b>2,543</b>	<b>96,296</b>	<b>3,433,477</b>
Change in net assets	(90,117)	42,072	(4,464)	2,857	0	0	0	(1,457)	2,205	(8,635)	(57,529)
Transfers in	47,201	0	0	0	0	0	0	0	0	0	47,201
Transfers out	0	(47,201)	0	0	0	0	0	0	0	0	(47,201)
Prior year adjustment	0	0	0	0	0	0	0	0	0	1,106	1,106
Net assets beginning of year	332,740	23,809	14,735	(55,944)	0	0	0	(6,294)	124	121,471	430,944
Net assets end of year	\$ 289,824	\$ 18,680	\$ 10,284	\$ (52,787)	\$ 0	\$ 0	\$ 0	\$ (7,751)	\$ 2,329	\$ 113,942	\$ 374,521

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

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Head Start Grant No. 06CH0220/20

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Contract Period: December 1, 2002 to November 30, 2003

	Approved Budget	Actual	Expenses (Over) Under Budget
<b>Revenues:</b>			
Amount awarded this budget period	\$ 2,123,018	\$ 2,123,018	
Total Head Start Grant revenues	2,123,018	2,123,018	
Grantee's contribution	<u>530,755</u>	<u>530,755</u>	
Total revenues	<u>2,653,773</u>	<u>2,653,773</u>	
<b>Expenses:</b>			
Personnel	1,521,256	1,504,874	\$ 16,382
Fringe Benefits	236,000	248,284	(12,284)
Travel	16,000	5,498	10,502
Equipment	12,650	0	12,650
Supplies	92,350	45,166	47,184
Facilities/Construction	0	0	0
Other	<u>244,762</u>	<u>319,196</u>	<u>(74,434)</u>
Head Start grant expenses	2,123,018	2,123,018	\$ <u>0</u>
Grantee's share	<u>530,755</u>	<u>530,755</u>	
Total expenses	<u>2,653,773</u>	<u>2,653,773</u>	
Head Start (expenses) over revenue	\$ <u>0</u>	\$ <u>0</u>	

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Child and Adult Care Food Program

Louisiana Department of Education

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Period: October 1, 2002 to September 30, 2003

Revenue:		
Contract revenue	\$	<u>192,589</u>
Total revenue		<u>192,589</u>
Expenses:		
Salaries		84,621
Fringe Benefits		13,038
Supplies		2,110
Space costs		3,948
Food service costs		87,140
Other administrative costs		<u>1,913</u>
Total expenses		<u>192,770</u>
Excess revenue (expenses)		(181)
Net assets, October 1, 2002		<u>1,047</u>
Net assets, September 30, 2003	\$	<u><u>866</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana  
 Community Services Block Grant  
 Department of Labor  
 Contract No. 2004N0032

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Budget and Actual  
 For the Contract Period: March 1, 2004 to June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under Budget
Revenues:			
Contract revenue		\$ 442,643	
Total revenue		<u>442,643</u>	
Expenses:			
Administration:			
Salaries	\$ 121,246	88,352	\$ 32,894
Fringe benefits	17,287	13,427	3,860
Travel	2,000	1,072	928
Equipment purchase	900	761	139
Other support costs	<u>17,500</u>	<u>14,102</u>	<u>3,398</u>
Total administration	<u>158,933</u>	<u>117,714</u>	<u>41,219</u>
Program Activities:			
Salaries	157,960	211,425	(53,465)
Fringe benefits	27,205	36,665	(9,460)
Travel	1,500	1,237	263
Equipment purchase	21,000	0	21,000
Other support costs	40,000	39,186	814
Activities	<u>28,000</u>	<u>33,902</u>	<u>(5,902)</u>
Total program activities	<u>275,665</u>	<u>322,415</u>	<u>(46,750)</u>
Commodity food and nutrition	<u>1,990</u>	<u>2,514</u>	<u>(524)</u>
Total expenses	\$ <u>436,588</u>	<u>442,643</u>	\$ <u>(6,055)</u>
Excess revenues (expenses)		\$ <u>0</u>	

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana  
Community Services Block Grant

Department of Labor  
Contract No. 2003N0032

Schedule of Revenues, Expenses, and Changes in Net Assets

Budget and Actual

For the Contract Period: January 1, 2003 to June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>
<b>Revenues:</b>			
Contract revenue		\$ <u>99,172</u>	
Total revenue		<u>99,172</u>	
<b>Expenses:</b>			
<b>Administration:</b>			
Salaries	\$ 107,451	25,194	\$ 82,257
Fringe benefits	14,246	2,999	11,247
Travel	1,572	1,009	563
Equipment purchase	0	0	0
Other support costs	<u>17,641</u>	<u>4,527</u>	<u>13,114</u>
Total administration	<u>140,910</u>	<u>33,729</u>	<u>107,181</u>
<b>Program Activities:</b>			
Salaries	195,590	42,912	152,678
Fringe benefits	33,499	6,955	26,544
Travel	1,366	570	796
Equipment purchase	0	0	0
Other support costs	38,905	10,617	28,288
Activities	<u>26,938</u>	<u>4,364</u>	<u>22,574</u>
Total program activities	<u>296,298</u>	<u>65,418</u>	<u>230,880</u>
Commodity food and nutrition	<u>2,150</u>	<u>25</u>	<u>2,125</u>
Total expenses	\$ <u>439,358</u>	<u>99,172</u>	\$ <u>340,186</u>
Excess revenues (expenses)		\$ <u>0</u>	

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Project Independence Transportation Program

CFMS #529671, 530707, 530732, 529594 and Title XIX

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Contract Periods: July 1, 2003 to June 30, 2004

	Project Independence	Other	Total
Revenue:			
Project independence	\$ 190,184	\$ 0	\$ 190,184
Title XIX fares	0	39,888	39,888
Cash fares	0	2,915	2,915
Miscellaneous	0	3,093	3,093
	<hr/>	<hr/>	<hr/>
Total revenue	190,184	45,896	236,080
Expenses:			
Natchitoches Parish expenses	51,149	0	51,149
Sabine Parish expenses	28,132	0	28,132
Winn Parish expenses	40,703	0	40,703
Jackson Parish expenses	41,566	0	41,566
Title XIX expense	0	57,721	57,721
Depreciation expense	2,939	11,013	13,952
Loss on disposition of fixed assets	0	0	0
	<hr/>	<hr/>	<hr/>
Total expenses	164,489	68,734	233,223
Excess revenue (expenses)	25,695	(22,838)	2,857
Net assets, July 1, 2003	55,562	(111,206)	(55,644)
Prior period adjustment	0	0	0
	<hr/>	<hr/>	<hr/>
Net assets, June 30, 2004	\$ <u>81,257</u>	\$ <u>(134,044)</u>	\$ <u>(52,787)</u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Emergency Food and Shelter Program

FEMA

Schedule of Revenues, Expenses, and Changes in Net Assets

For the Period: January 1, 2003 to December 31, 2003

Revenue:

Contract revenue \$ 65,826

Expenses:

Administrative expenses 1,072

Morehouse client assistance 28,105

Beinville client assistance 12,394

Jackson client assistance 8,851

Sabine client assistance 6,989

Winn client assistance 8,415

Total expenses 65,826

Excess revenue (expenses) 0

Net assets, January 1, 2003 0

Net assets, December 31, 2003 \$ 0

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana  
Section 8 Housing Assistance Program  
Schedule of Revenues, Expenses, and Changes in Net Assets  
For the Contract Period: October 1, 2002 to September 30, 2003

Revenue:		
Contract revenue	\$	<u>57,438</u>
Expenses:		
Administrative expenses		11,547
Housing assistance payments		<u>48,702</u>
Total expenses		<u>60,249</u>
Excess revenue (expenses)		(2,811)
Net assets, October 1, 2002		<u>1,834</u>
Net assets, September 30, 2003	\$	<u><u>(977)</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 Commodities Distribution  
 Louisiana Department of Agriculture and Forestry  
 Schedule of Revenues, Expenses, and Changes in Net Assets  
 For the Period: July 1, 2003 to June 30, 2004

Revenue:	
Contract revenue	\$ 0
Commodities Received For Distribution	<u>14,785</u>
Total revenue	<u>14,785</u>
Expenses:	
Salaries	0
Fringe benefits	0
Travel	558
Space costs	0
Communications	10
Other administrative costs	889
Value of commodities distributed	<u>14,785</u>
Total expenses	<u>16,242</u>
Excess revenue (expenses)	(1,457)
Net assets, July 1, 2003	<u>(6,294)</u>
Net assets, June 30, 2004	\$ <u><u>(7,751)</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 Medicaid  
 Schedule of Revenues, Expenses, and Changes in Net Assets  
 For the Period: July 1, 2003 to June 30, 2004

Revenue:	
Contract revenue	\$ <u>4,748</u>
Total revenue	<u>4,748</u>
Expenses:	
Salaries	0
Fringe Benefits	0
Program Support	<u>2,543</u>
Total expenses	<u>2,543</u>
Excess revenue (expenses)	2,205
Net assets, July 1, 2003	<u>124</u>
Net assets, June 30, 2004	\$ <u><u>2,329</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 General Unrestricted Funds  
 Schedule of Revenues, Expenses, and Changes in Net Assets  
 For the Period: July 1, 2003 to June 30, 2004

Revenue:	
Police Jury grants and contributions	\$ 33,000
CHDO development fee	13,155
People Unlimited	4,800
Miscellaneous income	5,118
Program reimbursements	<u>31,588</u>
 Total revenue	 <u>87,661</u>
Expenses:	
Salaries	36,375
Fringe benefits	2,217
Travel	2,241
Supplies	12,196
Occupancy	8,003
Telephone	143
Equipment	2,697
Insurance	7,217
Interest	3,185
Other	21,259
Depreciation	<u>763</u>
 Total expenses	 <u>96,296</u>
 Excess revenue (expenses)	 <u>(8,635)</u>
 Net assets, July 1, 2003	 121,471
Prior year adjustment	<u>1,106</u>
 Net assets, June 30, 2004	 \$ <u><u>113,942</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2004

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>			
<b>Direct Programs:</b>			
Head Start (Fy 11-30- 03)	93.600	06CH0220/20	\$ 672,119
Head Start (Fy 11-30- 04)	93.600	06CH0220/21	1,583,993
Passed through Louisiana Department of Labor			
Community Services Block Grant (Fy 2003)	93.569	2003N0032	289,489
Community Services Block Grant (Fy 2004)	93.569	2004N0032	98,396
Passed through Louisiana Department of Health and Hospitals			
Title XIX Transportation	93.667	Unknown	57,721
Medicaid	93.667	Unknown	2,543
Passed through Louisiana Department of Social Services, Office of Family Support			
Project Independence Transportation Program	93.558	529671,530707,530732,529594	161,549
<u>U.S. Department of Housing and Urban Development</u>			
<b>Direct Programs:</b>			
Section 8 Housing Assistance Payments Program - Jackson	14.871	LA248V00003	97,883

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2004

(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 (Fy 11-30-03)	10.558	Unknown	18,069
Child and Adult Care Food Program (Fy 11-30-04)	10.558	Unknown	163,480
Summer Food Service Program	10.559	Unknown	132,097
Passed through Louisiana Department of Agriculture and Forestry			
Food Distribution - Value of Commodities Distributed	10.550	Unknown	14,785
<u>Department of Homeland Security</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA) (Fy 12-31-03)	97.024	Unknown	43,082
Emergency Food and Shelter (FEMA) (Fy 12-31-04)	97.024	Unknown	12,733
			<u>\$3,347,939</u>

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

Note 2: Nonmonetary assistance is reported in the schedule at fair value of the commodities received and distributed. At June 30, 2004, Pine Belt had no food commodities in inventory.

**Other Schedules and Reports**

# James T. Bates

CERTIFIED PUBLIC ACCOUNTANT  
612 BARKSDALE BOULEVARD  
BOSSIER CITY, LOUISIANA 71111

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

To the Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. as of and for the year ended June 30, 2004, and have issued my report thereon dated December 17, 2004. I have conducted my 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 Pine Belt Multi-Purpose Community Action Agency, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the management of Pine Belt Multi-Purpose Community Action Agency, Inc., in a separate management letter dated December 17, 2004.

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana Legislative Auditor 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.



December 17, 2004

# James T. Bates

CERTIFIED PUBLIC ACCOUNTANT  
612 BARKSDALE BOULEVARD  
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## Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

### Compliance

I have audited the compliance of Pine Belt Multi-Purpose Community Action Agency, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Pine Belt Multi-Purpose Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance based on my audit.

I conducted my audit 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 I 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 Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Pine Belt Multi-Purpose Community Action Agency Inc.'s compliance with those requirements.

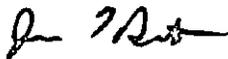
In my opinion, Pine Belt Multi-Purpose Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

### Internal Control Over Compliance

The management of Pine Belt Multi-Purpose Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

A handwritten signature in black ink, appearing to be "J. A. ...", is written above the date.

December 17, 2004

**Pine Belt Multi-Purpose Community Action Agency, Inc.**  
Jonesboro, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 2004

There were no findings or questioned costs for the previous audit period ending June 30, 2003.

Schedule of Findings and Questioned Costs  
June 30, 2004

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc.
2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. were disclosed during the audit.
4. No reportable condition is reportable in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With Circular OMB A-133.
5. The auditor's report on compliance for the major federal award program for Pine Belt Multi-Purpose Community Action Agency, Inc. expresses an unqualified opinion.
6. The program tested as major program was: Head Start Program CFDA #93.600.
7. The threshold for distinguishing Types A and B programs was \$500,000.
8. Pine Belt Multi-Purpose Community Action Agency, Inc. met the 50% coverage rule with no reason to make a determination whether the auditee qualifies as a low-risk auditee.

**B. Findings - Financial Statements Audit**

**Finding Number 2004-1:**

The Agency violated the State of Louisiana's travel reimbursement policy in one instance by paying lodging charges in excess of the allowable reimbursement rate. The result of this violation caused the Agency to incur a disallowed cost of \$64.

**C. Findings and Questioned Costs - Major Federal Award Program Audit**

There were no findings or questioned costs in the audit period ending June 30, 2004.

**Pine Belt Multi-Purpose Community Action Agency, Inc.**  
Jonesboro, Louisiana

Schedule of Prior Audit Findings For Louisiana Legislative Auditor  
June 30, 2004

**Summary Schedule of Prior Audit Findings**

There was one audit finding in the previous audit for the year ended June 30, 2003.

There was one management letter comment in the previous audit for the year ended June 30, 2003, as follows:

**Prior Year Comment #1 - In-Kind Contributions**- The Agency in recording and tracking its in-kind contributions was not consistent in the calculation and recording of these contributions.

**Pine Belt Multi-Purpose Community Action Agency, Inc.**  
Jonesboro, Louisiana

Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 2004

**Corrective Action Plan for Current Year Audit Findings**

There was one finding for the year ended June 30, 2004.

**Finding Number 2004-1:**

The Agency violated the State of Louisiana's travel reimbursement policy in one instance by paying lodging charges in excess of the allowable reimbursement rate. The result of this violation caused the Agency to incur a disallowed cost of \$64.

**Management's Response**

Travel cost will be closely monitored to assure that the Agency does not pay expenses in excess of the State of Louisiana's travel reimbursement policy.

There was one management letter comment for the current audit year ended June 30, 2004, as follows:

**Comment #1 - Transportation Program Billing**

The Agency is a contractor for transportation of clients and in its billing procedures, failed in one month, to match payments received to the invoice amounts.

**Management's Response**

The billing clerk now provides the individual that prepares the deposits copies of the invoices. This will allow the individual preparing the deposit to inform the billing clerk of any discrepancies in the invoice and check amounts.

*James T. Bates*

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**Management Letter**

Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc.(the Agency), for the year ended June 30, 2004, and have issued my report thereon dated December 17, 2004. In planning and performing the audit of the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc., I considered its internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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

**Transportation Program Billing**

The Agency in billing the Office of Family Support for its May and June, 2004 transports, failed to match the checks received to the invoices sent and reconcile the differences and rebill the Office of Family Support accordingly.

I express sincere thanks to the Agency's personnel for the cooperation and assistance provided me during my audit. I am available to provide you assistance and consultation in the implementation of the above mentioned item.

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.

*Jan T. Bates*

December 17, 2004