

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

FINANCIAL REPORT

June 30, 2006

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 11-1-06

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

We have audited the accompanying statement of financial position of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** (a non-profit organization) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2005 financial statements, and in our report dated September 19, 2005, we expressed an unqualified opinion on those financial statements.

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. 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 audit provides 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 **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** as of June 30, 2006, 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*, we have also issued a report dated September 21, 2006, on our consideration of the **COMMUNITY OPPORTUNITIES OF EAST ASCENSION's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Faulk & Winkler LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 21, 2006

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2006

(with comparative amounts for 2005)

ASSETS

	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,425,108	\$ 612,629
Certificates of deposit	1,020,244	1,206,567
Accounts receivable - net	218,273	277,055
Prepaid expenses	9,094	3,268
Total current assets	2,672,719	2,099,519
PROPERTY - net	684,732	640,107
Total assets	\$ 3,357,451	\$ 2,739,626

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 24,673	\$ 22,611
Accrued liabilities	135,089	112,812
Deferred advance	-	25,000
Total liabilities	159,762	160,423
NET ASSETS		
Unrestricted		
Operating	2,767,528	2,149,042
Board designated:		
Emergency funds	400,000	400,000
Respite Center	19,800	19,800
Total unrestricted net assets	3,187,328	2,568,842
Temporarily restricted	10,361	10,361
Total net assets	3,197,689	2,579,203
Total liabilities and net assets	\$ 3,357,451	\$ 2,739,626

The accompanying notes to financial statements
are an integral part of this statement.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2006
(with comparative amounts for 2005)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2006</u>	<u>2005</u>
REVENUES AND SUPPORT				
Public Support:				
Contributions from Government Agencies	\$ 3,673,403	\$ -	\$ 3,673,403	\$ 3,343,680
Capital Area United Way	26,924	-	26,924	29,450
Grant income	57,660	-	57,660	1,500
Contributions, fundraising, and other	26,499	-	26,499	37,385
Other revenues:				
Membership dues	1,390	-	1,390	1,435
Grounds maintenance and janitorial services	55,945	-	55,945	59,612
Interest income	59,071	-	59,071	22,000
Total revenues and support	<u>3,900,892</u>	<u>-</u>	<u>3,900,892</u>	<u>3,495,062</u>
EXPENSES				
Program services:				
Adult day training	510,419	-	510,419	468,404
Adult and child support for independent living	2,434,275	-	2,434,275	2,129,252
Support services:				
Management and general	337,712	-	337,712	358,768
Total expenses	<u>3,282,406</u>	<u>-</u>	<u>3,282,406</u>	<u>2,956,424</u>
Increase in net assets	618,486	-	618,486	538,638
NET ASSETS				
Beginning of year	<u>2,568,842</u>	<u>10,361</u>	<u>2,579,203</u>	<u>2,040,565</u>
End of year	<u>\$ 3,187,328</u>	<u>\$ 10,361</u>	<u>\$ 3,197,689</u>	<u>\$ 2,579,203</u>

The accompanying notes to financial statements
are an integral part of this statement.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2006
(with comparative amounts for 2005)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 618,486	\$ 538,638
Adjustments to increase in net assets:		
Depreciation	57,144	47,984
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	52,956	114,092
Accounts payable and other accrued expenses	24,339	5,008
Deferred revenue	<u>(25,000)</u>	<u>25,000</u>
Net cash provided by operating activities	<u>727,925</u>	<u>730,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in certificates of deposit	186,323	(805,663)
Purchase of property and equipment	<u>(101,769)</u>	<u>(194,916)</u>
Net cash provided (used) by investing activities	<u>84,554</u>	<u>(1,000,579)</u>
Net increase (decrease) in cash and cash equivalents	812,479	(269,858)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>612,629</u>	<u>882,487</u>
End of year	<u>\$ 1,425,108</u>	<u>\$ 612,629</u>

The accompanying notes to financial statements
are an integral part of this statement.

**COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Community Opportunities of East Ascension (COEA) is a non-profit organization formed to furnish mentally and physically disabled individuals in Ascension Parish and other surrounding areas with education and recreation opportunities, including but not limited to the following:

- Developing job skills,
- Developing personal and work adjustment,
- Providing, developing and promoting employment opportunity,
- Promoting independent learning skills, and
- Providing goods and services needed by the disabled to achieve the above goals.

Basis of Presentation

The financial statements of COEA have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

COEA reports 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. COEA does not have any permanently restricted net assets.

The statement of activities presents expenses of COEA's operations functionally between program services, and management and general.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with COEA's financial statements for the year ended June 30, 2005, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts and depreciation.

Restricted and designated net assets

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.

Temporarily restricted net assets are contributions that are designated for property acquisitions. Such amounts are expended by the Organization through transfers to the unrestricted funds for capital outlay.

Cash and cash equivalents

For purposes of the statement of cash flows, COEA considers cash in operating bank accounts and cash on hand as cash. Cash equivalents include certificates of deposit with original maturities of three months or less and money market funds. As of June 30, 2006 COEA had \$30,161 in board designated and temporarily restricted cash for the purpose of the construction of a respite center.

Investments

Investments consist of time certificates of deposit and are recorded at cost which approximates market value.

Contract revenue and accounts receivable

Contract revenue and the related accounts receivable represent fees for service contracts due from governmental units and agencies. COEA records service contract revenue as services are rendered and does not require collateral. Management considers accounts receivable delinquent based on contractual terms. A general allowance for doubtful accounts is based on management's estimate of the collectibility of accounts receivable according to prior experience. Accounts receivable are recorded net of a reserve for uncollectible accounts of \$5,000. At June 30, 2006, accounts receivable in excess of 90 days was \$14,065 and was substantially collected subsequent to year end. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, equipment and depreciation

Buildings and equipment are recorded at cost and are being depreciated using the straight-line methods over their estimated useful lives.

Investment Income

Investment income includes income earned on investments, the realized net gain and/or loss from trade of investments, if any, and the unrealized gain and/or loss resulting from market value fluctuations relative to cost, if any. All investment income is unrestricted.

Restricted support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of 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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. During the year ended June 30, 2006 there was no restricted support.

Compensated absences

Vacation is earned at varying rates depending on length of service. At June 30, 2006, COEA employees have the option of carrying over a maximum of 11 days or receiving a cash payment for unused vacation. Amounts related to such leave of \$5,202 have been recorded.

Income taxes

COEA is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

Fair value financial instruments

The carrying value of receivables and payables approximate fair value due to the short-term maturity of these instruments.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

COEA typically maintains cash, money market funds and certificates of deposit in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited.

NOTE 3 - LEASE AGREEMENT

The land that the Organization's building is located on is leased from a governmental unit (Parish of Ascension). The lease period is ninety-nine (99) years with maturity on February 28, 2081. The yearly lease for the property is one dollar (\$1.00) per year.

NOTE 4 - BUILDINGS AND EQUIPMENT

Buildings and equipment at June 30, 2006 consist of the following:

	<u>Service Lives</u>	<u>2006</u>
Buildings	10-40 years	\$ 449,761
Vehicles	3-5 years	226,806
Furniture and equipment	5-10 years	131,844
Land	-	166,315
Construction in progress	-	116,966
		<u>1,091,692</u>
Less: accumulated depreciation		<u>(406,960)</u>
		<u>\$ 684,732</u>

Depreciation expense was \$57,144 for 2006.

NOTE 5 - RETIREMENT PLAN

COEA adopted a 401(k) profit sharing plan effective May 1, 2000. The plan covers substantially all full time employees. COEA has the discretionary right to determine the amount of any employer matching contribution made for a plan year. COEA's contributions for the year ended June 30, 2006 were \$16,070.

NOTE 6 - ECONOMIC DEPENDENCY

COEA derives its revenues from governmental sources (Medicaid) as earned revenue or grants, the loss of which would have a material adverse effect. During the year ended June 30, 2006, revenue derived from governmental sources accounted for approximately 94% of total revenue, and accounts receivable at year-end were related to such revenues.

NOTE 7 - RELATED PARTIES

During the year ended June 30, 2006, COEA incurred costs of \$6,800 relating to services received from businesses related to a board member.

Special Independent Auditors' Report

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

June 30, 2006



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

We have audited the financial statements of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION (COEA)** (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 21, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered COEA's internal control over financial reporting 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect COEA's ability to record, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Item 2006-1.

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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider item 2006-1 to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether COEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor 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 Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 21, 2006

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2006

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Community Opportunities of East Ascension.
2. There were no instances of noncompliance material to the financial statements in relation to this audit.
3. There was one internal control finding that is described in Item 2006-1.

B) FINDING – FINANCIAL STATEMENT AUDIT

2006-1 Segregation of Duties

Observation: During the year ended June 30, 2006 certain accounting duties were reassigned from the business manager to a staff member to create a bookkeeping position. The responsibilities of this position include:

- Bank reconciliations,
- Accounts receivable, and
- Accounts payable, including preparation and mailing of check disbursements.

Subsequent to preparation of check disbursements by the bookkeeper, the check disbursements are reviewed and signed by the Executive Director. The check disbursements are then returned to the bookkeeper for mailing.

Recommendation: We recommend that the check disbursements be mailed by an employee independent of the check disbursement preparation process. Additionally, bank statements and the related reconciliation should be reviewed by someone independent of the above listed functions.

Management's corrective action plan: Check disbursements will be mailed by the receptionist subsequent to review and signature of the Executive Director.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

Our report on our audit of the basic financial statements of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses and Statistical Information is presented for purposes of additional analysis 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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
September 21, 2006

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

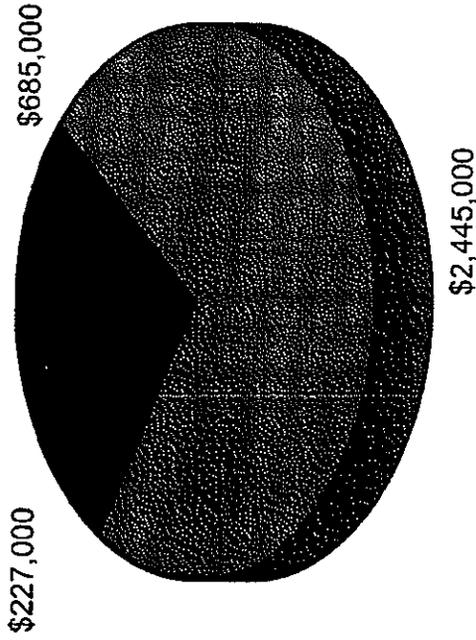
For the year ended June 30, 2006
(with comparative totals for 2005)

	Program Services		Supporting Services		Totals	
	Adult Day Training	Adult and Child Support for Independent Living	Management and General		2006	2005
Salaries and payroll taxes	\$ 361,423	\$ 2,078,731	\$ 271,584	\$	\$ 2,711,738	\$ 2,421,765
Employee benefits	6,329	17,451	11,919		35,699	23,115
Insurance	9,182	58,485	55,997		123,664	129,845
Transportation	33,761	56,560	5,656		95,977	76,056
Depreciation	23,404	4,231	29,509		57,144	47,984
Telephone	-	-	41,536		41,536	39,154
Occupancy	-	-	23,590		23,590	27,768
Training supplies	2,555	15,750	3,058		21,363	27,215
Office supplies	2,980	1,780	19,909		24,669	26,922
Bad debts	13,673	16,026	-		29,699	23,013
Marketing	-	-	12,651		12,651	21,519
Professional fees & contract services	-	-	15,172		15,172	19,559
Conferences, conventions & meetings	33	101	9,239		9,373	18,102
Repairs & maintenance	2,300	454	15,446		18,200	14,379
Individual subsidy	-	728	-		728	634
Other	30,199	17,451	13,553		61,203	39,394
Allocation of administrative expense	24,580	166,527	(191,107)		-	-
Total expenses	\$ 510,419	\$ 2,434,275	\$ 337,712	\$	\$ 3,282,406	\$ 2,956,424

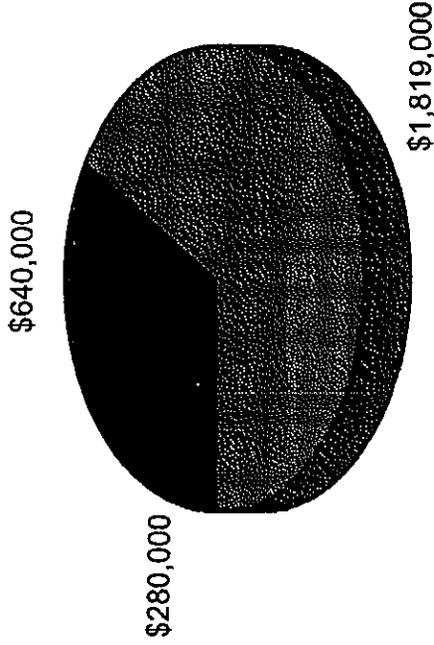
STATISTICAL INFORMATION

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

TOTAL ASSETS



JUNE 30, 2006



JUNE 30, 2005

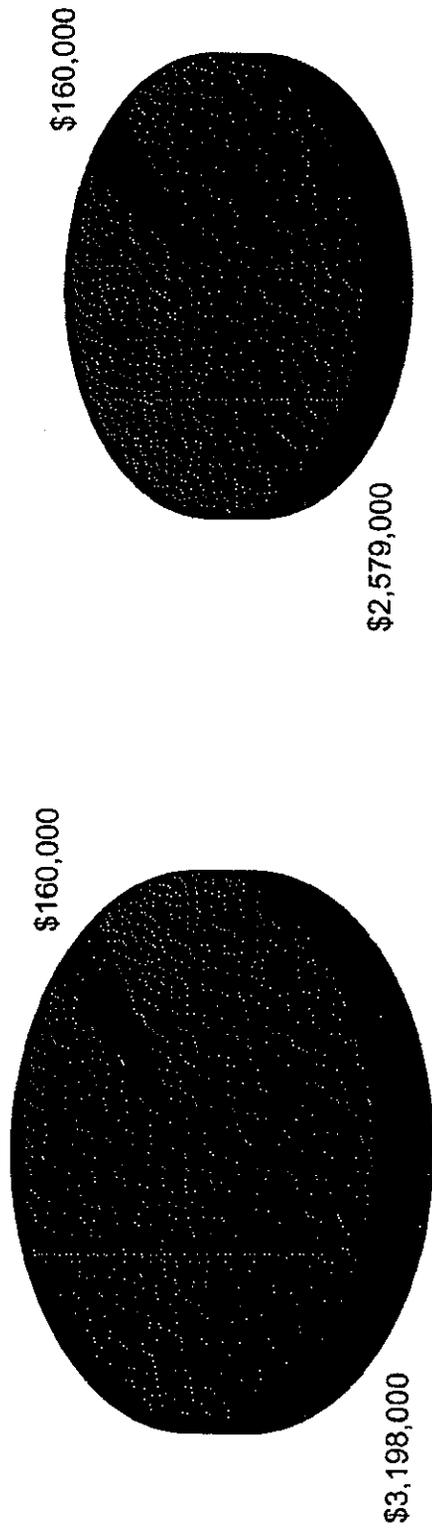
- CASH AND INVESTMENTS
- ACCOUNTS RECEIVABLE - NET AND OTHER ASSETS
- PROPERTY AND EQUIPMENT - NET

TOTAL ASSETS = \$ 3,357,000

TOTAL ASSETS = \$ 2,739,000

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

LIABILITIES AND NET ASSETS



JUNE 30, 2006

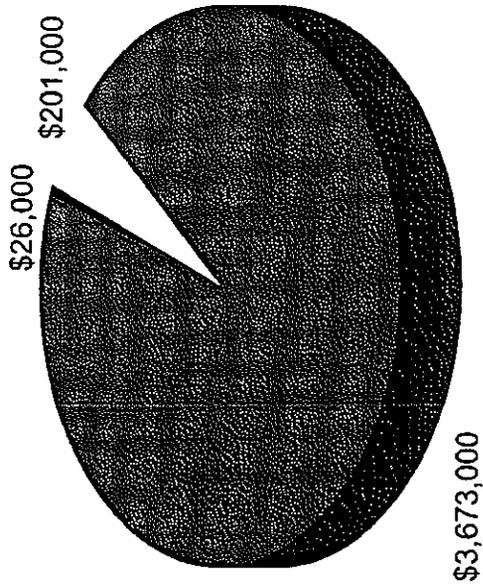
JUNE 30, 2005



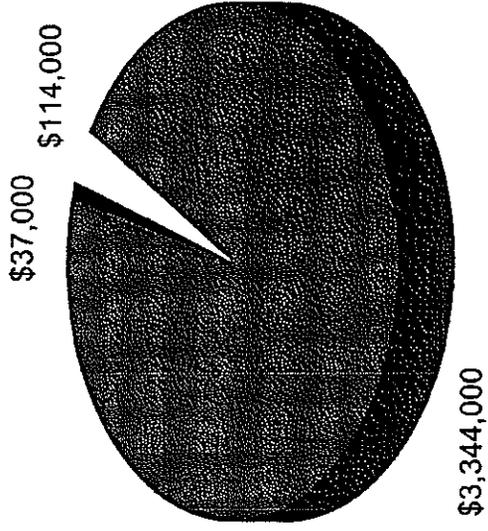
TOTAL LIABILITIES = \$ 160,000
 TOTAL NET ASSETS = \$ 3,198,000

TOTAL LIABILITIES = \$ 160,000
 TOTAL NET ASSETS = \$ 2,579,000

COMMUNITY OPPORTUNITIES OF EAST ASCENSION SUPPORT AND REVENUE



JUNE 30, 2006

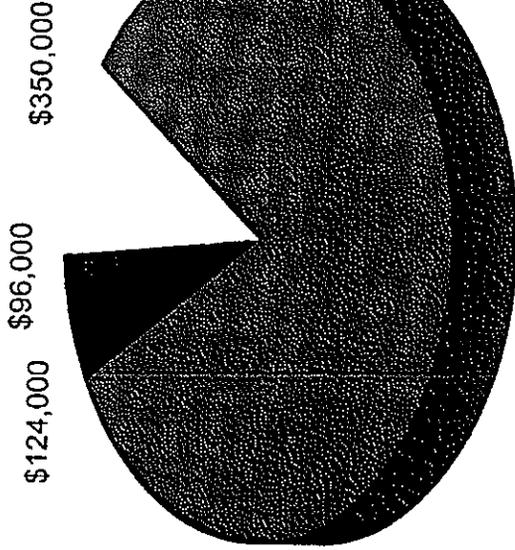


JUNE 30, 2005



TOTAL SUPPORT AND REVENUE = \$ 3,900,000 TOTAL SUPPORT AND REVENUE = \$ 3,495,000

COMMUNITY OPPORTUNITIES OF EAST ASCENSION OPERATING EXPENSES



\$2,712,000
JUNE 30, 2006



\$2,422,000
JUNE 30, 2005

 SALARIES & PAYROLL TAXES	 INSURANCE	 TRANSPORTATION	 OTHER
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TOTAL EXPENSE = \$ 3,282,000

TOTAL EXPENSE = \$ 2,957,000



Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

In planning and performing our audit of the financial statements of Community Opportunities of East Ascension (COEA) for the year ended June 30, 2006, we considered its internal control 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.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated September 21, 2006 on the financial statements of COEA.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various COEA personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2005-1 - Electronic Disbursement of Funds

Observation: Presently, COEA disburses expenditures by check, except for payment of employment taxes. Effort and time can be eliminated through the use of alternative disbursement procedures. In particular, the following should be reviewed for implementation:

- **Payroll disbursements** - The disbursement of payroll directly to employee bank accounts would alleviate the effort associated with check preparation, delivery and subsequent reconciliation. In addition, finance employees are not burdened with administration of returned and lost employee checks. Presently, employees of COEA distribute payroll checks.

The benefit of this procedure is to eliminate the processes of check preparation and delivery, cash reconciliation and storage, and to provide a benefit to employees with timely and effortless deposit of their funds.

- **Disbursements to vendors** - some vendors that conduct business on a recurring basis are susceptible to alternate forms of payment processes. The primary vendor would relate to utility charges. These expenditures are generally processed with virtually no discrepancies (i.e. Eatel and Entergy).

Recommendation: We recommend that COEA consider the following:

- Disburse its payroll by electronic transfer for all employees. To experience the full benefit from the electronic disbursement of payroll, all employees should participate.
- Authorization of payment of its utility charges by direct drafting on its account.

The general focus of this comment is to take advantage of technology advances to reduce the administrative expense of processing expenses for disbursement.

No changes were made during the year ended June 30, 2006. However, management intends to begin disbursing payroll electronically by October 2006.

At this point in time, COEA does not consider making vendor disbursements electronically practical.

2005-2 Investment Policy and Practices

Observation: At June 30, 2005, COEA had \$1.819 million in cash position, which consisted of cash in bank accounts and certificate of deposits. During 2005, COEA earned approximately \$22,000 in investment earnings, representing a 1% return on cash position.

At June 30 2006, COEA had three certificates of deposit totaling \$1.008 million. The annual interest rate offered on these certificates of deposits range from 3% to 4% with maturities ranging from twelve months to twenty-five months. Additionally, cash in checking accounts were approximately \$1.02 million and cash in money market funds, earning 4.75% interest was \$787,000. Idle funds in COEA's checking accounts are earning approximately 1.2% annually.

Recommendation: We recommend that COEA develop a written investment policy that establishes, but is not limited to the following:

- Identification of the types of investments in which COEA may place idle funds,
- Diversification of investments determined by risk tolerance and the timing and use of idle funds,
- Determination of a minimum level of investment balances,
- Establishment of an investment committee to steer investing efforts.

By expanding the type of investment vehicles, COEA's investment return could be enhanced over the current amounts received from the certificates of deposit and the checking account. We suggest that COEA consider alternative investment options beyond certificates of deposit when developing its investment strategies.

During the year ended June 30, 2006 an investment policy was not developed. However, COEA's management has placed funds in a money market account with intentions on improving return on investments. Furthermore, management has met with several financial institutions to explore its options relating to the investment of idle funds.

2005-3 – Fixed Asset Accounting Software

Observation: COEA maintains its accounting for property and related depreciation in a spreadsheet software package (Excel). The use of a spreadsheet program for the volume of property maintained by COEA is adequate but inefficient.

Recommendation: We recommend that COEA consider purchasing a fixed asset accounting software program to accomplish its accounting for property.

No change occurred for the year ended June 30, 2006. Management intends to purchase a fixed asset software program that is compatible with its general ledger software in the upcoming year.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
September 21, 2006