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**Caddo Community Action Agency, Inc.
Shreveport, Louisiana**

Financial Statements

**For the Years Ended January 31, 2006 and 2005
With Supplemental Information Schedules**

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

Release Date 8/9/06

Caddo Community Action Agency, Inc.
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Directors
Caddo Community Action Agency, Inc.
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Caddo Community Action Agency, Inc., as of January 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Caddo Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caddo Community Action Agency, Inc., as of January 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2006 on our consideration of Caddo Community Action Agency, Inc.'s internal control over financial reporting and on 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 an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The accompanying supplemental schedules shown on pages 15-16, are presented for the purpose of additional analysis and are not a required part of the financial statements of Caddo Community Action Agency, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared for Grants and Contracts Analysis" in the table of contents and shown on pages 19-25 are presented for the purpose of providing various funding sources of Caddo 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 Caddo Community Action Agency, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously and shown on pages 19-25 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook & Morehart
Certified Public Accountants
July 26, 2006

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Statements of Financial Position
January 31, 2006 and 2005

Assets	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 316,769	\$ 238,591
Grant receivables	570,269	552,228
Prepaid insurance		88,759
Due from other funds	68,393	55,493
Total current assets	<u>955,431</u>	<u>935,071</u>
Property and Equipment:		
Property and equipment	9,608,496	7,998,783
Accumulated depreciation	<u>(2,947,365)</u>	<u>(2,488,523)</u>
Net property and equipment	<u>6,661,131</u>	<u>5,510,260</u>
Total Assets	<u><u>\$ 7,616,562</u></u>	<u><u>\$ 6,445,331</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 365,616	\$ 348,030
Accrued liabilities	423,702	360,652
Due to other funds	68,393	55,493
Other liability, current portion	12,000	12,000
Note payable, current portion	1,126,358	
Refundable advances	34,397	26,905
Total current liabilities	<u>2,030,466</u>	<u>803,080</u>
Other liability, less current portion	<u>2,090</u>	<u>14,090</u>
Total liabilities	<u>2,032,556</u>	<u>817,170</u>
Net assets:		
Unrestricted:		
Operating	(13,462)	9,758
Designated for use in programs	60,381	94,766
Fixed assets	5,534,773	5,510,260
Unrestricted net assets	<u>5,581,692</u>	<u>5,614,784</u>
Temporarily restricted	<u>2,314</u>	<u>13,377</u>
Total net assets	<u>5,584,006</u>	<u>5,628,161</u>
Total Liabilities and Net Assets	<u><u>\$ 7,616,562</u></u>	<u><u>\$ 6,445,331</u></u>

The accompanying notes are an integral part of this statement.

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended January 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and reclassifications:			
Contractual revenue - grants	\$ 12,400,597	\$	\$ 12,400,597
Miscellaneous revenues	62,377	15,000	77,377
Net assets released from restrictions:			
Satisfaction of restrictions	26,063	(26,063)	
Total revenues and reclassifications	<u>12,489,037</u>	<u>(11,063)</u>	<u>12,477,974</u>
Expenses:			
Head Start program	9,763,831		9,763,831
Child care food program	930,642		930,642
Community services	901,105		901,105
Weatherization assistance	471,781		471,781
Home energy assistance	261,852		261,852
Water assistance	16,592		16,592
Summer food service	24,567		24,567
Emergency food and shelter	29,865		29,865
Other general services	121,894		121,894
Total expenses	<u>12,522,129</u>		<u>12,522,129</u>
Changes in net assets	(33,092)	(11,063)	(44,155)
Net assets as of beginning of year	<u>5,614,784</u>	<u>13,377</u>	<u>5,628,161</u>
Net assets as of end of year	<u>\$ 5,581,692</u>	<u>\$ 2,314</u>	<u>\$ 5,584,006</u>

The accompanying notes are an integral part of this statement.

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended January 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and reclassifications:			
Contractual revenue - grants	\$ 11,874,151	\$	\$ 11,874,151
Miscellaneous revenues	57,828	30,000	87,828
Net assets released from restrictions:			
Satisfaction of restrictions	<u>72,780</u>	<u>(72,780)</u>	
Total revenues and reclassifications	<u>12,004,759</u>	<u>(42,780)</u>	<u>11,961,979</u>
Expenses:			
Head Start program	9,113,355		9,113,355
Child care food program	805,617		805,617
Community services	826,006		826,006
Weatherization assistance	428,803		428,803
Home energy assistance	61,657		61,657
Water assistance	16,308		16,308
Summer food service	33,082		33,082
Emergency food and shelter	29,587		29,587
Other general services	<u>79,448</u>		<u>79,448</u>
Total expenses	<u>11,393,863</u>		<u>11,393,863</u>
Changes in net assets	610,896	(42,780)	568,116
Net assets as of beginning of year	<u>5,003,888</u>	<u>56,157</u>	<u>5,060,045</u>
Net assets as of end of year	<u>\$ 5,614,784</u>	<u>\$ 13,377</u>	<u>\$ 5,628,161</u>

The accompanying notes are an integral part of this statement.

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Statements of Cash Flows
 For the Years Ended January 31, 2006 and 2005

	2006	2005
Operating activities		
Changes in net assets	\$ (44,155)	\$ 568,116
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	473,395	396,823
(Increase) decrease in operating activities:		
Grant receivables	(18,041)	29,892
Prepaid insurance	88,759	(5,981)
Increase (decrease) in operating liabilities:		
Accounts payable	17,586	60,424
Accrued liabilities	63,050	49,280
Other liabilities	(12,000)	(12,000)
Refundable advances	7,492	(16,729)
Net cash provided by operating activities	576,086	1,069,825
Investing Activities		
Payments for property and equipment	(447,705)	(570,111)
Net cash used in investing activities	(447,705)	(570,111)
Financing Activities		
Payments on loan	(50,203)	(427,975)
Net cash used in financing activities	(50,203)	(427,975)
Net increase (decrease) in cash	78,178	71,739
Cash as of beginning of year	238,591	166,852
Cash as of end of year	\$ 316,769	\$ 238,591

Supplemental disclosure:

Cash paid for interest in 2006 and 2005 was \$32,782 and \$8,842, respectively.

Non-cash investing and financing activities:

Acquisition of building	
Cost of building	\$ 1,522,165
Building loan	(1,176,562)
Cash down payment for building	\$ 345,603

The accompanying notes are an integral part of this statement.

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Notes to Financial Statements
January 31, 2006 and 2005

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Caddo Community Action Agency, Inc., (CCAA) is a private non-profit organization incorporated under the laws of the State of Louisiana. CCAA is governed by a Board of Directors composed of members from Caddo Parish. CCAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Caddo Parish, Louisiana, with Weatherization Services also provided in Rapides and Lincoln parishes. CCAA administers the following programs, shown with their approximate percentage of revenues for the year ended January 31, 2006:

Head Start Program (77%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided through federal funds from the U. S. Department of Health and Human Services.

Child Care Food Program (7%) - Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (7%) – Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Weatherization Assistance Program (4%) – Provides assistance to weatherize (insulate) the dwellings of low-income persons, particularly the elderly and handicapped low-income in order to conserve needed energy and aid those persons least able to afford higher utility costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Home Energy Assistance Program (2%) – Provides assistance to low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Shreveport Water Assistance Program (1%) – Provides assistance to hardship families in paying their water bills. Funding is provided by a contract with the City of Shreveport.

Summer Food Service Program (1%) – 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 State of Louisiana, Department of Education.

(Continued)

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Notes to Financial Statements
January 31, 2006 and 2005
(Continued)

Emergency Food and Shelter Program (1%) – Provides funding to purchase food and shelter for people in emergency situations. Funding is provided by federal funds from the U.S. Department of Homeland Security.

B. Basis of Accounting

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

C. Basis of Presentation

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

D. Income Tax Status

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

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CCAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. CCAA had no cash equivalents at January 31, 2006 or January 31, 2005.

(Continued)

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Notes to Financial Statements
January 31, 2006 and 2005
(Continued)

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. The Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency. CCAA has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Retirement Obligations

Effective January, 1999, CCAA began offering a 401(K) plan for its employees. Employees with at least one year of service may contribute a portion of their gross wages ranging from 1% to 15% (not to exceed \$7,000) to the plan. CCAA will match the employees' contributions at \$.25 on the dollar up to 4% of the employees gross wages. Effective February 2005, CCAA changed the type of 401(k) to a 401(k) profit sharing plan. Employees with at least three months of service may contribute a portion of their gross wages up to a dollar limit (\$14,000 for 2005) which is set by law. Each year CCAA determines the percentage of an employee's compensation it will contribute to the plan. For the year ended January 31, 2006, the contribution was 2% of eligible wages. The amount contributed to the plans for the years ended January 31, 2006 and 2005 was \$145,697 and \$12,445, respectively.

I. 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.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued)

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 January 31, 2006 and 2005
 (Continued)

(2) Concentrations of Credit Risk

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 January 31, 2006 and 2005, CCAA had no significant concentrations of credit risk in relation to grant receivables.

CCAA maintains cash balances at several financial institutions located in the Shreveport area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At January 31, 2006, total cash balances held at financial institutions was \$444,019. Of this amount, \$108,284 was secured by FDIC, and \$335,735 was collateralized by pledged securities. At January 31, 2005, total cash balances held at financial institutions was \$519,919. Of this amount, \$100,464 was secured by FDIC, \$419,455 was collateralized by pledged securities.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at January 31, 2006 and 2005, but received after that date.

(4) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at January 31, 2006 and 2005:

<u>Fund</u>	<u>2006</u>		<u>2005</u>	
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Unrestricted	\$ 35,885	\$ 32,508	\$ 27,885	\$ 27,608
Restricted Funds:				
Water Assistance Program	13,600	-	7,700	-
Community Services Block Grant	-	200	-	200
Weatherization Assistance Program	-	35,685	-	27,685
Home Energy Assistance Program	18,908	-	19,908	-
	<u>\$ 68,393</u>	<u>\$ 68,393</u>	<u>\$ 55,493</u>	<u>\$ 55,493</u>

(Continued)

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 January 31, 2006 and 2005
 (Continued)

(5) Property and Equipment

Property and equipment consisted of the following at January 31, 2006:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	15 - 30 years	\$ 6,520,342	\$ 82,493	\$ 6,602,835
Land		312,786	-	312,786
Furniture, fixtures, equipment	5 - 10 years	1,131,833	27,939	1,159,772
Vehicles	5 years	1,440,994	24,349	1,465,343
Idle Property		7,760	60,000	67,760
Accumulated depreciation		<u>(2,909,362)</u>	<u>(38,003)</u>	<u>(2,947,365)</u>
Net investment in property and equipment		<u>\$ 6,504,353</u>	<u>\$ 156,778</u>	<u>\$ 6,661,131</u>

Property and equipment consisted of the following at January 31, 2005:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	15 - 30 years	\$ 5,175,763	\$ 82,493	\$ 5,258,256
Land		135,200	-	135,200
Furniture, fixtures, equipment	5 - 10 years	1,122,002	27,942	1,149,944
Vehicles	5 years	1,380,731	-	1,380,731
Idle Property		14,652	60,000	74,652
Accumulated depreciation		<u>(2,456,805)</u>	<u>(31,718)</u>	<u>(2,488,523)</u>
Net investment in property and equipment		<u>\$ 5,371,543</u>	<u>\$ 138,717</u>	<u>\$ 5,510,260</u>

Depreciation expense was \$473,395 and \$396,823 for the years ended January 31, 2006 and 2005, respectively.

(6) Refundable Advances

CCAA 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.

(Continued)

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 January 31, 2006 and 2005
 (Continued)

(7) **Accrued Liabilities**

Accrued liabilities at January 31, 2006 and 2005 consisted of the following:

	<u>2006</u>	<u>2005</u>
Accrued payroll	\$ 240,346	\$ 202,819
Accrued leave	80,501	74,589
Payroll taxes payable	102,855	83,244
	<u>\$ 423,702</u>	<u>\$ 360,652</u>

(8) **Unrestricted, Operating Net Assets**

Included in unrestricted, operating net assets are the following program balances:

	<u>2006</u>	<u>2005</u>
Weatherization	\$ (11,479)	\$ (6,023)
Water Assistance	14,063	19,850
Summer Food Service	267	(4,892)
General Services	(16,313)	823
	<u>\$ (13,462)</u>	<u>\$ 9,758</u>

The deficit balances listed above will be eliminated as unrestricted funds become available.

(9) **Designated Net Assets**

The designated net assets at January 31, 2006 and 2005, consisted of \$60,381 and \$94,766, respectively, designated for construction costs associated with a new Head Start and Community Center.

(10) **Restrictions on Net Assets**

Temporarily restricted net assets consisted of the following at January 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
CPC-Emergency Aid program	\$ 2,314	\$ 13,377

(Continued)

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 January 31, 2006 and 2005
 (Continued)

(11) Contractual Revenue – Grants

During the years ended January 31, 2006 and 2005, CCAA received contractual revenue from federal and state grants in the amount of \$12,400,597 and \$11,874,151, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(12) Leases

The agency leases several buildings and certain equipment under operating leases. The rental costs on these items for the years ended January 31, 2006 and 2005, were \$142,023 and \$189,163, respectively. There are no commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year.

(13) Other Liability

This balance represents an amount due pursuant to a repayment agreement dated January 10, 2001 between Caddo Community Action Agency, Inc. and the State of Louisiana, Department of Social Services, Office of Community Services. The agreement was made in regards to disallowed cost associated with the Agency's Weatherization Assistance Program. The agreement calls for repayment of \$75,090 by making monthly payments of \$1,000. The agency made payments totaling \$12,000 during the year ended January 31, 2006, and \$12,000 during the year ended January 31, 2005. The balance owed at January 31, 2006 is \$14,090.

Future scheduled maturities are as follows:

Year ending January 31,	Amount
2007	\$ 12,000
2008	2,090
	\$ 14,090

(Continued)

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 January 31, 2006 and 2005
 (Continued)

(14) Note Payable

Long-term debt at January 31, 2006 and 2005 consisted of the following:

	2006	2005
Note payable to a bank, due in monthly installments of \$9,664, including interest of 5.5%, with one final installment on July 28, 2006, secured by agency buildings.	\$ 1,126,358	\$ -
Less current installments on long-term debt	1,126,358	-
	\$ -	\$ -

Total interest expense incurred on this loan for the year ended January 31, 2006 was \$32,782.

In March, 2006, CCAA received \$150,000 in Community Development Block Grant funds from the City of Shreveport. The entire amount of \$150,000 was applied to this loan in March, 2006.

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Combining Schedule of Financial Position
January 31, 2006

Assets	Head Start Program	Child Care Food Program	Community Service	Weather-ization Assistance	Home Energy Assistance	Water Assistance	Summer Food Service	Emergency Food and Shelter	Other General Services	Total
Current assets:										
Cash	\$ 81,562	\$ 92,571	\$ 32,086	\$ 21,580	\$ 13,639	\$ 540	\$ 267	\$ 1,783	\$ 165,292	\$ 316,769
Grant receivables	339,865	92,571	15,069	122,784	18,908	13,600			35,885	570,269
Due from other funds	421,447	92,571	47,155	144,344	32,547	14,140	267	1,783	201,177	68,393
Total current assets										955,431
Property and equipment:										
Property and equipment	9,350,542		28,563	30,288	4,320				194,783	9,608,496
Accumulated depreciation	(2,875,149)		(28,563)	(1,992)	(3,657)				(36,004)	(2,947,365)
Net property & equipment	6,475,393			28,296	663				156,779	6,661,131
Total Assets	\$ 6,896,840	\$ 92,571	\$ 47,155	\$ 172,640	\$ 33,210	\$ 14,140	\$ 267	\$ 1,783	\$ 357,956	\$ 7,616,562
Liabilities and Net Assets										
Current liabilities:										
Accounts payable	\$ 134,301	\$ 92,571	\$ 46,855	\$ 114,385	\$ 1,848	\$ 77	\$	\$	\$ 24,349	\$ 365,616
Accrued liabilities	285,433		200	5,743					83,848	423,702
Due to other funds				35,685					32,508	68,393
Other liabilities									12,000	12,000
Current portion of note payable	1,126,358				30,901			1,783		1,126,358
Refundable advances	1,713									34,397
Total current liabilities	1,547,805	92,571	47,155	155,823	32,547	77		1,783	152,705	2,030,466
Other liability									2,090	2,090
Net assets:										
Unrestricted:										
Operating				(11,479)		14,063	267		(16,313)	(13,462)
Designated									60,381	60,381
Fixed assets	5,349,035			28,296	663				156,779	5,534,773
Unrestricted net assets	5,349,035			16,817	663	14,063	267		200,847	5,581,692
Temporarily restricted									2,314	2,314
Total net assets	5,349,035			16,817	663	14,063	267		203,161	5,584,006
Total Liabilities and Net Assets	\$ 6,896,840	\$ 92,571	\$ 47,155	\$ 172,640	\$ 33,210	\$ 14,140	\$ 267	\$ 1,783	\$ 357,956	\$ 7,616,562

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Combining Schedule of Activities
For the Year Ended January 31, 2006

	Head Start Program	Child Care Food Program	Community Service	Weather-ization Assistance	Home Energy Assistance	Water Assistance	Summer Food Service	Emergency Food and Shelter	Other General Services	Total
Revenues										
Contractual revenue - grants	\$ 9,742,190	\$ 930,642	\$ 901,105	\$ 494,621	\$ 261,648	\$ 10,900	\$ 29,726	\$ 29,865	\$ 77,372	\$ 12,400,597
Miscellaneous revenues						5				77,372
Total revenues	9,742,190	930,642	901,105	494,621	261,648	10,905	29,726	29,865	77,372	12,477,974
Expenses										
Salaries	5,787,049	545,022	626,326	99,250	36,560	12,449	8,320		18,475	7,133,451
Fringe benefits	1,045,565	95,659	132,026	20,912	7,453	2,020	1,264		2,096	1,306,995
Travel	88,171		985	52	263				986	90,457
Equipment	65,861	26,260	6,357	615	3,753	533			567	103,946
Occupancy	363,229		38,644	148					6,084	408,105
Telephone	60,545		19,794	4,198	2,306				13,937	100,780
Insurance	249,894		7,646	5,657						263,197
Vehicle operation	215,941		6,861	12,826			756			236,384
Supplies	242,700	40,951	12,330	221,533	3,517	1,175	13,680		1,903	537,789
Professional services	547,184		2,672	86,974	328	15			1,561	638,734
Food and related supplies	278,815	222,750					547	126		502,565
Miscellaneous	318,180		7,762	19,616	834	400		29,739	89,998	417,463
Client assistance payments			39,712		206,635					276,086
Interest expense	32,782									32,782
Depreciation	466,905				203				6,287	473,395
Total expenses	9,763,831	930,642	901,105	471,781	261,852	16,592	24,567	29,865	121,894	12,522,129
Change in net assets	(21,641)			22,840	(204)	(5,787)	5,159		(44,522)	(44,155)
Net assets, beginning of year	5,370,676			(6,023)	867	19,850	(4,892)		247,683	5,628,161
Net assets, end of year	\$ 5,349,035	\$	\$	\$ 16,817	\$ 663	\$ 14,063	\$ 267	\$	\$ 203,161	\$ 5,584,006

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended January 31, 2006

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education:			
Child and Adult Care Food Program (Head Start)	10.558	N/A	\$ 930,342
Child and Adult Care Food Program (Summer Food Service)	10.559	N/A	23,099
Total Department of Agriculture			<u>953,441</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter	97.024	Unknown	<u>29,865</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Caddo Parish Commission:			
Head Start	93.600	06CH6376/34	9,726,102
Passed through Louisiana Department of Labor:			
Community Services Block Grant	93.569	2004N0036	106,950
Community Services Block Grant	93.569	2005N0036	793,416
Passed through Louisiana Housing Finance Agency			
Home Energy Assistance Program (Fy 9-30-05)	93.568	N/A	26,552
Home Energy Assistance Program (Fy 9-30-06)	93.568	N/A	225,890
Weatherization Assistance for Low-Income Persons (Fy 3-31-05)	93.568	N/A	89,121
Weatherization Assistance for Low-Income Persons (Fy 3-31-06)	93.568	N/A	410,958
Total Department of Health and Human Services			<u>11,378,989</u>
Total Federal Expenditures			\$ <u>12,362,295</u>

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

**Supplemental Schedules Prepared for
Grants and Contracts Analysis**

Caddo Community Action Agency, Inc.
 Shreveport, Louisiana
 Head Start Grant No. 06CH6376/34
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenses and Changes in Fund Balance
 For the Contract Period: February 1, 2005 to January 31, 2006

Revenues:	<u>Budget</u>	<u>Actual</u>	<u>COB Balances Current Year</u>
Department of Health & Human Services	\$ 9,759,880	\$ 9,759,880	
Grantee's contribution	2,392,384	2,392,384	
Total revenue	<u>12,152,264</u>	<u>12,152,264</u>	
Expenses:			
Personnel	5,461,016	5,781,949	(320,933)
Fringe benefits	1,156,927	1,045,076	111,851
Travel	91,890	68,805	23,085
Equipment	56,000	38,264	17,736
Supplies	473,195	257,674	215,521
Contractual	572,686	509,434	63,252
Other	1,948,166	2,024,900	(76,734)
	<u>9,759,880</u>	<u>9,726,102</u>	<u>33,778</u>
Grantee's share of inkind contributions	2,392,384	2,392,384	
Total all expenses	<u>\$ 12,152,264</u>	<u>12,118,486</u>	
Revenue over (under) expenses		33,778	
Fund balance, beginning February 1, 2005		323,438	
Reprogrammed excess funds grant #06CH6376/33		<u>(323,438)</u>	
Fund balance, ending January 31, 2006		<u>\$ 33,778</u>	

Caddo Community Action Agency, Inc.
Shreveport Louisiana
Child and Adult Care Food Program
Louisiana Department of Education
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Period: February 1, 2005 to January 31, 2006

Revenue:

Contract revenue	\$ 930,342
Total revenue	930,342

Expenses:

Salaries	545,022
Fringe benefit	95,659
Equipment and repairs	26,260
Non food supplies	40,951
Food service costs	222,450
Total expenses	930,342

Excess revenue (expenses)

Fund balance, beginning February 1, 2005	_____
Fund balance, ending January 31, 2006	\$ _____

Caddo Community Action Agency, Inc.
Shreveport Louisiana
Weatherization Assistance Program
Louisiana Housing Finance Agency
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: April 1, 2004 to March 31, 2005

Revenue:

Contract revenue	\$ 446,145
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Expenses:

Administrative costs	26,581
Program operations	297,682
Financial audit	90
Incidental repairs supplies	119,884
Training and technical assistance	1,264

Total expenses	445,501
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Excess revenue (expenses)	644
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Fund balance (deficit), beginning April 1, 2004	(6,542)
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Fund balance (deficit), ending March 31, 2005	\$ (5,898)
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Caddo Community Action Agency, Inc.
Shreveport Louisiana
Shreveport Water Assistance Program
City of Shreveport
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: January 1, 2005 to December 31, 2005

Revenue:

Contract revenue	\$	11,482
Interest		7
		11,489
Total revenue		11,489

Expenses:

Salaries		11,489
Fringe benefit		1,982
Other expense		2,990
		16,461
Total expenses		16,461

Excess revenue (expenses)		(4,972)
Fund balance, beginning January 1, 2005		19,904
Fund balance, ending December 31, 2005	\$	14,932

Caddo Community Action Agency, Inc.
Shreveport Louisiana
Summer Food Service Program
Louisiana Department of Education
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: May 30, 2005 to July 22, 2005

Revenue:

Reimbursements - Department of Education	<u>\$ 31,194</u>
--	------------------

Expenses:

Salaries	8,320
Fringe benefit	1,264
Vehicle gas and oil	756
Food purchases	13,680
Other expense	<u>547</u>
 Total expenses	 <u>24,567</u>

Excess revenue (expenses)	6,627
Fund balance (deficit), beginning May 30, 2005	(4,892)
 Funds returned	 <u>(1,468)</u>
Fund balance (deficit), ending July 22, 2005	<u><u>\$ 267</u></u>

Caddo Community Action Agency, Inc.
Shreveport Louisiana
Emergency Food and Shelter Program
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Period: February 1, 2005 to January 31, 2006

Revenue:	
Contract revenue	<u>\$ 29,739</u>
Expenses:	
Direct assistance	<u>29,865</u>
Total expenses	<u>29,865</u>
Excess revenue (expenses)	(126)
Fund balance, beginning February 1, 2005	<u>1,908</u>
Fund balance, ending January 31, 2006	<u><u>\$ 1,782</u></u>

Caddo Community Action Agency, Inc.
 Shreveport Louisiana
 General Funds
 Schedule of Revenues, Expenses and Changes in Fund Balance
 For the Period: February 1, 2005 to January 31, 2006

Revenue:

Caddo Parish Commission	\$	15,000
Medicaid application fees		1,066
Emergency aid - CPC		6,000
Interest		614
Miscellaneous		54,692
		77,372
Total revenue		77,372

Expenses:

Salaries		18,475
Fringe benefits		2,096
Travel		986
Utilities		6,084
Supplies		2,470
Equipment		24,349
Telephone		13,937
Emergency relief and aid expenses		26,654
Miscellaneous		44,905
		139,956
Total expenses		139,956

Excess revenue (expenses)		(62,584)
Fund balance, beginning February 1, 2005		108,967
Fund balance, ending January 31, 2006	\$	46,383

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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*

To the Board of Directors
Caddo Community Action Agency, Inc.
Shreveport, Louisiana

We have audited the financial statements of Caddo Community Action Agency, Inc. as of and for the year ended January 31, 2006, and have issued our report thereon dated July 26, 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 Caddo Community Action Agency, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 Caddo Community Action Agency, Inc.'s ability to record, process, 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-B1.

A material weakness is a reportable 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 caused by error or fraud 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, we believe that the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting which we have reported to management of Caddo Community Action Agency, Inc. in a separate management letter dated July 26, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Community Action Agency, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 or other matters that are required to be reported under *Government Auditing Standards*.

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



Cook & Morehart
Certified Public Accountants
July 26, 2006

COOK & MOREHART

Certified Public Accountants

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

To the Board of Directors
Caddo Community Action Agency, Inc.
Shreveport, Louisiana

Compliance

We have audited the compliance of Caddo 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 January 31, 2006. Caddo Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Caddo Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on Caddo Community Action Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caddo Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Caddo Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, Caddo 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 January 31, 2006.

Internal Control Over Compliance

The management of Caddo 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 our audit, we considered Caddo Community Action

Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Cook & Morehart
Certified Public Accountants
July 26, 2006

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Summary Schedule of Prior Audit Findings
January 31, 2006

There were no findings or questioned costs for the prior audit period ended January 31, 2005.

Schedule of Findings and Questioned Costs
January 31, 2006

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Caddo Community Action Agency, Inc.
2. One reportable condition relating to the audit of the financials statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of Caddo Community Action Agency, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major programs expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Caddo Community Action Agency, Inc. reported in Part C. of this schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600 and 2) Low-Income Home Energy Assistance Program CFDA #93.568.
8. The threshold for distinguishing Types A and B programs was \$370,869.
9. Caddo Community Action Agency, Inc qualifies as a low-risk auditee.

(Continued)

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Schedule of Findings and Questioned Costs
January 31, 2006
(Continued)

B. Findings – Financial Statements Audit

2006-B1 REPORTABLE CONDITION

Statement of Condition: During our audit, we noted that the agency collects cash for rental of certain facilities and other miscellaneous items. Receipt books are maintained and utilized in logging the receipts. However, the cash as listed on the receipts in the receipt books were not being reconciled to the actual deposit slips. In addition, deposits were not being made in a timely manner. Based upon receipts in the agency's receipt books, cash collections appear to average approximately \$300 - \$400 per month.

Criteria and Effect: Controls and procedures were not in place to ensure that all cash receipts were being deposited.

Recommendation: We recommend that the receipts as listed in the cash receipts books be reconciled to the actual deposits on a monthly basis by appropriate personnel who are independent of the collections and depositing functions. We also recommend that the agency establish a centralized collections process whereby only certain individuals are designated to receipt cash collections. We further recommend that the agency consider not accepting cash as payment for these miscellaneous items.

Response: The agency will not accept cash as payment for miscellaneous items. The agency will accept money orders and checks. The agency will reconcile to the receipt book the actual deposits on a monthly basis by appropriate personnel who are independent of the collections and depositing functions. The agency will ensure controls and procedures are in place to properly document all receipts are being deposited timely.

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

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
January 31, 2006

There were no findings or questioned costs for the prior year audit period ended January 31, 2005.

The prior year management letter comment is addressed below for the year ended January 31, 2005:

Comment #1: PAYMENT OF INVOICES

Improvement noted.

Caddo Community Action Agency, Inc.
Shreveport, Louisiana
Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
January 31, 2006

There is one reportable condition for the current year audit period ended January 31, 2006, as described in the accompanying Schedule of Findings and Questioned Costs.

The corrective action plan for the management letter comments for the year ended January 31, 2006 are addressed below:

Comment #1: CASH WITHDRAWAL

It is the agency policy that all disbursements, including those made by cash as well as by check, be supported by original invoices/receipts. The agency opened up shelters for the Katrina/Rita victims after the hurricanes. The agency also provided transportation for victims in Nursing Homes from Mississippi to different cities in Texas. These services were provided in an emergency situation to assist victims; therefore, receipts and/or invoices were not easily attainable. The agency opened up it's CCAA Balenstine Hopkins Head Start Center sanctuary, convent, and rectory to over four hundred (400) victims affected by the hurricanes. Over eighty (80) victims remained in the shelter for over six weeks until permanent shelter was acquired. Supplies were purchased for these displaced victims, for example: water, food, personal items, etc. The agency recognizes that controls were lax during this emergency situation and will ensure that those controls are completely enforced in the future.

Comment #2: TRAVEL

The agency will monitor the establish procedures to ensure that any advances given to employees are promptly reconciled to actual expenditures, with any amounts due to the agency being promptly paid at that time.

Comment #3: MONITORING OF SUBRECIPIENT

The agency will be receiving detailed supporting documentation from the subrecipient on a monthly basis. An agency form for on-site monitoring will be developed to substantiate its oversight of the contract throughout the year.

Comment #4: WEATHERIZATION PROGRAM FINANCIAL REPORTS

The agency will retain supporting documentation for all financial reports filed to enable reconciliation of the amounts reported to the agency's general ledgers.

COOK & MOREHART

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Management Letter

July 26, 2006

The Board of Directors of the
Caddo Community Action Agency, Inc.
Shreveport, Louisiana

Attention: Laurance Guidry, Executive Director

We have audited the financial statements of Caddo Community Action Agency, Inc., (CCAA) for the year ended January 31, 2006, and have issued our report thereon dated July 26, 2006. In planning and performing our audit of the financial statements of Caddo Community Action Agency, Inc., we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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

Comment #1: CASH WITHDRAWAL

During our audit, we noted that the agency withdrew \$5,000 from its general fund to be used for hurricane relief activities. The disposition of these funds was not traceable to the accounting records.

We recommend that all disbursements, including those made by cash as well as by check, be supported by original invoices / receipts.

Comment #2: TRAVEL

During our auditing of travel expenditures, we noted that travel advances and reimbursements due to the agency were not promptly reconciled upon return from travel for five travel payments tested.

We recommend that the agency establish procedures to ensure that any advances given to employees are promptly reconciled to actual expenditures, with any amounts due to the agency being promptly paid at that time.

Comment #3: MONITORING OF SUBRECIPIENT

During our audit, we noted that CCAA has an agreement with a subrecipient whereby payments are made on an advance basis each month. Detailed supporting documentation of program operations and expenditures was submitted to CCAA only twice during the audit period.

We recommend that detailed supporting documentation be obtained from the subrecipient on a monthly basis. We also recommend that CCAA adequately document its on-site monitoring visits to the subrecipient throughout the year to substantiate its oversight of the contract.

Comment #4: WEATHERIZATION PROGRAM FINANCIAL REPORTS

During our audit, we noted that the Weatherization program expenditure reports filed with the funding source were not reconcilable to the agency's accounting records.

We recommend that CCAA retain supporting documentation for all financial reports filed to enable a reconciliation of the amounts reported to the agency's general ledgers.

We express sincere thanks to CCAA personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation with the above mentioned items. This letter is furnished solely for the use of management, Board of Directors and various funding sources.



Cook & Morehart
Certified Public Accountants
July 26, 2006