

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

FINANCIAL REPORT

August 31, 2010

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 3/16/11

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the **LOUISIANA DELTA SERVICE CORPS (LDSC)** (a non-profit corporation) as of August 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of LDSC'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 the 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 the **LOUISIANA DELTA SERVICE CORPS** as of August 31, 2010 and 2009, 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 January 15, 2011 on our consideration of the **LOUISIANA DELTA SERVICE CORPS'** 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 performed for the purpose of forming an opinion on the basic financial statements of **LOUISIANA DELTA SERVICE CORPS** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
January 15, 2011

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

August 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT		
Cash	\$ 235,322	\$ 275,502
Certificate of deposit	55,633	55,082
Accounts receivable, net	31,931	14,693
Prepaid expense and other	<u>1,880</u>	<u>5,801</u>
Total current assets	324,766	351,078
PROPERTY AND EQUIPMENT, net	<u>3,176</u>	<u>1,658</u>
Total assets	<u>\$ 327,942</u>	<u>\$ 352,736</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 6,305	\$ 5,444
Deferred revenue	7,500	-
Accrued expenses	<u>13,501</u>	<u>10,229</u>
Total liabilities	27,306	15,673
NET ASSETS		
Unrestricted	<u>300,636</u>	<u>337,063</u>
Total liabilities and net assets	<u>\$ 327,942</u>	<u>\$ 352,736</u>

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

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended August 31, 2010 and 2009

REVENUES	<u>2010</u>	<u>2009</u>
Grants:		
Federal assistance	\$ 706,173	\$ 567,472
State assistance	3,175	3,155
Other:		
In-kind	475,023	432,656
Host sites	338,639	254,770
Contributions	5,380	9,033
Interest and other	<u>822</u>	<u>2,466</u>
Total revenues	<u>1,529,212</u>	<u>1,269,552</u>
 EXPENSES		
Program:		
Personnel	1,125,495	846,722
Participant support costs	286,094	301,488
Operational	74,707	72,455
Administrative	<u>79,343</u>	<u>58,975</u>
Total expenses	<u>1,565,639</u>	<u>1,279,640</u>
Decrease in net assets	(36,427)	(10,088)
 NET ASSETS - UNRESTRICTED		
Beginning of year	<u>337,063</u>	<u>347,151</u>
End of year	<u>\$ 300,636</u>	<u>\$ 337,063</u>

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

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (36,427)	\$ (10,088)
Adjustments for non-cash items:		
Depreciation	696	1,106
Change in operating assets and liabilities:		
Accounts receivable and other assets	(13,317)	34,011
Accounts payable and accrued liabilities	<u>11,633</u>	<u>(12,328)</u>
Net cash (used) provided by operating activities	<u>(37,415)</u>	<u>12,701</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,214)	-
Interest earned on investments	<u>(551)</u>	<u>(1,735)</u>
Net cash used by investing activities	<u>(2,765)</u>	<u>(1,735)</u>
Net (decrease) increase in cash	(40,180)	10,966
CASH		
Beginning of year	<u>275,502</u>	<u>264,536</u>
End of year	<u>\$ 235,322</u>	<u>\$ 275,502</u>

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

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Louisiana Delta Service Corps (LDSC) is a non-profit corporation whose purpose is to engage Americans of all ages and backgrounds as participants in community based service that provides a direct and demonstrable benefit that is valued by the community. Areas of service are education, public safety, the environment, and other human needs. LDSC primarily operates in the Baton Rouge area.

LDSC administers the Louisiana Delta Service Corps AmeriCorps program funded by federal grants through LDSC for National Services.

Basis of presentation

The accounting and reporting policies of LDSC conform to generally accepted accounting principles.

LDSC reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LDSC did not have any temporarily or permanently restricted net assets at August 31, 2010 and 2009.

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 depreciation, allowance for doubtful accounts, and in-kind revenues and expenses.

Revenue recognition

LDSC records grant revenue as services are rendered. Corps member host site revenue is realized in the period in which services are provided.

Cash and cash equivalents

For the purpose of the statement of cash flows, LDSC considers cash in operating bank accounts as cash. LDSC has no cash equivalents at August 31, 2010 and 2009.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition

Financial Accounting Standards Board's ASC 820, Fair Value Measurements and *Disclosures*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that LDSC has the ability to access.

LDSC does not have any Level 1 inputs at August 31, 2010 and 2009.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

LDSC does not have any Level 3 inputs at August 31, 2010 or 2009.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. Management has recorded an allowance for doubtful accounts of \$8,000 and \$6,000 at August 31, 2010 and 2009, respectively, which is based on management's estimate of the collectability of accounts receivable according to prior experience. LDSC does not require collateral. At August 31, 2010 and 2009, accounts receivable in excess of 90 days was \$14,522 and \$6,000 respectively.

Equipment

Equipment purchased by LDSC is recorded at cost. Depreciation is computed using accelerated depreciation methods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind contributions

The value of contributed services to LDSC has been recognized at the fair market value of the benefit received. Contributed services during the years ended August 31, 2010 and 2009, consisted of training and supervision of LDSC corps members during service projects, and the use of building space provided by sponsoring not-for-profit agencies. LDSC received \$475,023 and \$432,656 as in-kind contributions during the years ended August 31, 2010 and 2009, respectively.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically be purchased if not provided by donation.

Vacation leave

Vacation leave is earned at varying rates for two to four weeks depending on length of service. A maximum of ten days of unused leave can be carried over to the subsequent year. Accordingly, amounts related to such vacation leave have been accrued.

Income taxes

LDSC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

LDSC follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

Pension Plan

LDSC sponsors a salary deferral plan that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the plan, employees may elect to defer a percentage of their compensation up to a maximum of \$16,500 annually. Salary deferrals and the related earnings are 100% vested and non-forfeitable. LDSC is not required to make matching contributions to the plan. However, during the years ended August 31, 2010 and 2009, LDSC contributed approximately \$14,250 and \$13,400, respectively, to the plan.

These assets are held in the trust fund established under the Plan; the trust fund is independent of LDSC. The responsibility for administration of the plan is with Mutual of America Insurance Company.

NOTE 2 - CERTIFICATES OF DEPOSIT

At August 31, 2010 and 2009, LDSC held certificates of deposits (CD) with a market value of \$55,633 and \$55,082. Interest earnings are reinvested into the CD and therefore fair market value equals the cost of the investment. LDSC's investment was considered a Level 2 input in the fair value hierarchy as of August 31, 2010 and 2009.

NOTE 3 - EQUIPMENT

Equipment, related service lives, and accumulated depreciation at August 31, 2010 and 2009, are as follows:

<u>Description</u>	<u>Service Lives</u>	<u>2010</u>	<u>2009</u>
Equipment	3-5 years	\$ 19,486	\$ 17,272
Less accumulated depreciation		<u>(16,310)</u>	<u>(15,614)</u>
		<u>\$ 3,176</u>	<u>\$ 1,658</u>

Depreciation expense was \$696 and \$1,106 for the years ended August 31, 2010 and 2009, respectively.

NOTE 4 - ECONOMIC DEPENDENCY

During the years ended August 31, 2010 and 2009, LDSC received the majority of its revenues through Federal grants, as follows:

	<u>2010</u>	<u>2009</u>
Receivables, beginning of year	\$ 14,963	\$ 51,157
Revenues earned	699,455	567,472
Collections	<u>(687,898)</u>	<u>(603,936)</u>
	<u>\$ 26,520</u>	<u>\$ 14,693</u>

NOTE 5 - COMMITMENT

LDSC leases office facilities and parking space under operating leases with two-year terms. During the year ended August 31, 2010 and 2009, rent expense was \$14,080 and \$14,400, respectively. Each year, \$10,560 was provided as an in-kind donation by the property owner, and the remainder was paid by LDSC.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject LDSC to concentrations of credit risk consist primarily of receivables. In addition, LDSC maintains cash in local banks, which may, at times, exceed the FDIC limits.

NOTE 7 - SUBSEQUENT EVENTS

In preparing these financial statements, LDSC has evaluated events and transactions for potential recognition or disclosure through January 15, 2011, the date the financial statements were available to be issued.

Special Independent Auditors' Report

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

August 31, 2010



**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
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have audited the financial statements of **LOUISIANA DELTA SERVICE CORPS (LDSC)** (a non-profit organization) as of and for the year ended August 31, 2010, and have issued our report thereon dated January 15, 2010. 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 LDSC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LDSC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LDSC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

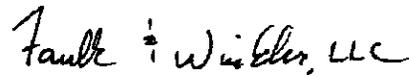
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2, which we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LDSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

LDSC's response to the findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. We did not audit LDSC's response and, accordingly, we express no opinion on it.

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.



Certified Public Accountants

Baton Rouge, Louisiana
January 15, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

Compliance

We have audited the compliance of **LOUISIANA DELTA SERVICE CORPS (LDSC)** (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended August 31, 2010. LDSC's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs (page 18). Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of LDSC's management. Our responsibility is to express an opinion on LDSC'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 LDSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of LDSC's compliance with those requirements.

In our opinion, LDSC complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2010.

Internal Control over Compliance

Management of LDSC 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 LDSC's internal control over compliance with the requirements that could have a direct and material effect on a major

federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LDSC's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We identified no deficiencies in internal control over compliance that are considered to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2 to be significant deficiencies.

LDSC's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LDSC's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Directors, management, state and federal awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
January 15, 2011

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2010

Grantor/State Pass-through/ Program name/ Location of Project	CFDA Number	Grant Amount	Balance September 1	Federal Receipts	Federal Expenditures	Balance August 31
Corporation for National and Community Service/ State of Louisiana/Louisiana Serve Commission						
*AmeriCorps - 2010	94.006	\$ 566,510	-	\$ 561,553	\$ 562,178	\$ 625
*AmeriCorps - 2009	94.006	566,510	14,693	14,693	-	-
*ARRA - AmeriCorps	94.006	138,900	-	111,652	137,277	25,625
	Total CFDA 94.006	1,271,920	14,693	687,898	699,455	26,250
Corporation for National and Community Service/ State of Louisiana/Louisiana Serve Commission						
Program Development and Technical Assistance (PDAT)	94.009	7,000	-	1,373	1,373	-
Program Development and Technical Assistance (PDAT)	94.009	6,200	-	5,346	5,346	-
	Total CFDA 94.009	13,200	-	6,719	6,719	-
Total Federal Assistance		\$ 1,285,120	\$ 14,693	\$ 694,617	\$ 706,174	\$ 26,250

*Major Program

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Louisiana Delta Service Corps Schedule of Expenditures of Federal Awards presents the activity of the federal assistance programs of the Louisiana Delta Service Corps. All federal assistance received directly from federal agencies as well as federal assistance passed-through other government agencies is included on the schedule.

Basis of Accounting

The Louisiana Delta Service Corps Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Louisiana Delta Service Corps' financial statements for the year ended August 31, 2010.

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended August 31, 2010

1) Summary of Auditors' Results:

- a) The type of report issued on the basic financial statements: **Unqualified opinion.**
- b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **2010-1 and 2010-2.**

Material weaknesses: **None.**

- c) Instances of noncompliance: **None.**
- d) Significant deficiencies in internal control over major programs: **2010-1 and 2010-2.**

Material weaknesses: **None.**

- e) The type of report issued on compliance for major programs: **Unqualified opinion.**
- f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **2010-1 and 2010-2.**

g) Major Programs:

Corporation of National and Community Service
AmeriCorps/ARRA - AmeriCorps
CFDA No. 94.006

- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No.**

- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2010-1 and 2010-2.**
- 3) Findings and questioned cost relating to federal awards: **2010-1 and 2010-2.**

4) CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

AMERICORPS – CFDA 94.006: Grant period year ended August 31, 2010

2010-1 SEGREGATION OF DUTIES

Observation: The small size of LDSC results in an insufficient segregation of duties for effective internal control.

Recommendation: We recommend the Treasurer review the following each month:

- Receive the unopened bank statement and review all transactions,
- The monthly bank reconciliation,
- Monthly financial statements and related detailed general ledger,
- Sign check disbursements and mail vendor payments independent of the check preparer.
- Review monthly payroll reports from third party provider.

Management's Response: We concur with the observation and are in agreement with the recommendation.

2010-2 ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

Observation: LDSC relies on its auditor to assist in the preparation of the external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the auditor is not considered part of LDSC's internal control structure, and because of limitations of LDSC's accounting staff, the design of internal control does not otherwise include procedures to prevent or detect material misstatements in the external financial statements.

Recommendation: Since management is satisfied with using its auditing firm to prepare external financial statements, no change is recommended. However, this matter will continue to be reported.

Management's Response: Management intends to continue using the auditing firm to prepare the external financial statements and related footnote disclosures.

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended August 31, 2010

2009-1 SEGREGATION OF DUTIES

This finding has been reclassified as Item 2010-1.

2009-2 ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

This finding has been reclassified as Item 2010-2.

2009-3 INADEQUATE DOCUMENTATION OF EXPENSES (Resolved)

Observation: During our review of allowable expenses in 2009, we found three instances of employee reimbursements with insufficient documentation. During 2010, LDSC provided adequate documentation for employee reimbursements.

This matter is considered resolved.