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Delta Community Action Association, Inc.
Tallulah, Louisiana

Financial Statements

As of and for the Years Ended June 30, 2001 and 2000
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 JAN 9 2002

Delta Community Action Association, Inc.
Tallulah, Louisiana

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Tallulah, Louisiana

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Independent Auditors' Report

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the accompanying statements of financial position of Delta Community Action Association, Inc. as of June 30, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Delta Community Action Association, 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 audits 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 Delta Community Action Association, Inc. as of June 30, 2001 and 2000, 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 November 2, 2001 on our consideration of Delta Community Action Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying supplemental combining schedules on pages 13 and 14 are presented for the purpose of additional analysis and are not a required part of the financial statements of Delta Community Action Association, 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 For Grants and Contracts Analysis" in the table of contents, and shown on pages 16 – 23, are presented for the purpose of providing various funding sources of Delta Community Action Association, 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 Delta Community Action Association, Inc., and certain schedules are for periods other than Delta's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with 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, they are fairly stated on the basis of accounting practices prescribed by the various funding sources.

Cook and Morehart

Cook and Morehart
Certified Public Accountants
November 2, 2001

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Financial Position
June 30, 2001 and 2000

Assets	2001	2000
Current assets:		
Cash	$ 188,015	$ 194,733
Grant receivables	115,031	166,562
Due from other funds	53,410	55,135
Total current assets	356,456	416,430
Property and Equipment:		
Property and equipment	1,029,120	1,027,351
Accumulated depreciation	(599,483)	(521,862)
Total property and equipment	429,637	505,489
Total Assets	$ 786,093	$ 921,919
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 93,102	$ 154,014
Accrued liabilities	32,709	29,407
Due to other funds	53,410	55,135
Refundable advances	54,096	62,680
Total current liabilities	233,317	301,236
Net assets:		
Unrestricted:		
Operating	123,139	115,194
Fixed assets	429,637	505,489
Total net assets	552,776	620,683
Total Liabilities and Net Assets	$ 786,093	$ 921,919

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Activities
For the Years Ended June 30, 2001 and 2000

	Unrestricted	
	2001	2000
Revenues and Other Support:		
Contractual revenue - grants	$ 2,768,554	$ 3,081,327
Miscellaneous revenues	18,356	26,278
Total revenues and other support	2,786,910	3,107,605
Expenses:		
Head Start program	1,523,269	1,386,892
Child care food program	175,569	197,412
Summer child care		108,765
Community services block grant	161,052	136,220
Home energy assistance	182,543	162,942
Family day care services	554,202	527,796
Delta recovery program	121,275	149,726
Migrant education	117,238	330,166
Mental health program	2,278	21,357
Commodities distribution	2,796	7,521
General services	14,595	18,917
Total expenses	2,854,817	3,047,714
Changes in net assets	(67,907)	59,891
Net assets as of beginning of year	620,683	560,792
Net assets as of end of year	$ 552,776	$ 620,683

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2001 and 2000

	2001	2000
Operating activities		
Changes in net assets	$ (67,907)	$ 59,891
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,621	69,980
(Increase) decrease in operating activities		
Grant receivables	51,531	166,077
Increase (decrease) in operating liabilities:		
Accounts payable	(60,912)	16,949
Accrued liabilities	3,302	589
Refundable advances	(8,584)	(171,237)
Other liabilities		
Net cash provided by operating activities	(4,949)	142,249
Investing Activities		
Payments for property and equipment	(1,769)	(114,362)
Net cash used in investing activities	(1,769)	(114,362)
Financing Activities		
Payments on lines of credit		(50,000)
Net cash provided by (used in) financing activities		(50,000)
Net increase (decrease) in cash	(6,718)	(22,113)
Cash as of beginning of year	194,733	216,846
Cash as of end of year	$ 188,015	$ 194,733

Interest paid during the year ended June 30, 2000 was $715.

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Delta Community Action Association, Inc. (Delta) is a private non–profit corporation incorporated under the laws of the State of Louisiana. A Board of Directors composed of 15 members governs Delta. Delta operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various parishes in Louisiana that Delta serves. The following programs, with their approximate percentage of total revenues indicated, are administered by Delta:

Head Start Program (53%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Care Food Program (6%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

Community Services Block Grant (6%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Home Energy Assistance (7%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Family Day Care Services (20%) – Provides a food service program for children in private nonprofit centers of approximately 130 homes. Financing is provided by federal funds passed through the Louisiana Department of Education.

Delta Recovery Program (4%) – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

Migrant Education (4%) – Provides assistance, such as housing, to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education.

Commodities Distribution (.04%) – Provides distribution of U.S.D.A. donated commodities to eligible persons in the community. Funding is provided by federal funds passed through the Louisiana Department of Agriculture and Forestry.

(Continued)

Summer Child Care Program – Provides quality child care during the summer months to children identified by the Head Start program. The children can not exceed13 years of age except for children with disabilities. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Mental Health Program (.08%) – Provides assistance to mentally ill consumers in securing or maintaining housing of their choice through the provision of a flexible range of support. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals.

B. Basis of Accounting

The financial statements of Delta 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

Delta is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2001 and 2000.

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

F. Cash and Cash Equivalents

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

(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 the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Delta to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2001 and 2000, Delta had no significant concentrations of credit risk in relation to grant receivables.

Delta maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At June 30, 2001 total cash balances held at financial institutions was $331,716. Of this amount, $271,041 was secured by FDIC and the remaining $60,675 was collateralized by pledged securities. At June 30, 2000 total cash balances held at financial institutions was $288,223. Of this amount, $269,876 was secured by FDIC and the remaining $18,347 was collateralized by pledged securities.

(Continued)

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2001 and 2000, but received after those dates.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2001:

Fund	Due From Other Funds	Due To Other Funds
General Services	$ 25,513	$
Head Start program – due from Child Care Food Program	26,656	1,833
Child Care Food Program		26,656
Community Services Block Grant	–	7,491
Family Day Care Home Program	–	5,139
Program Administration	1,241	–
Low-Income Home Energy Assistance Program		12,291
	$ 53,410	$ 53,410

The following schedule represents amounts due to and due from other funds at June 30, 2000:

Fund	Due From Other Funds	Due To Other Funds
General Services	$ 20,579	$ 488
Head Start program – due from Child Care Food Program	34,068	–
Child Care Food Program		39,168
Community Services Block Grant	–	10,500
Family Day Care Home Program	–	2,639
Mental Health Program	–	2,340
Low-Income Home Energy Assistance Program	488	–
	$ 55,135	$ 55,135

(Continued)

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2001:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	20-30 years	$ 391,570	$ -	$ 391,570
Leasehold improvement	10-20 years	8,978	-	8,978
Furniture and equipment	5-10 years	284,060	2,834	286,894
Vehicles	5 years	341,678	-	341,678
Accumulated depreciation		(596,649)	(2,834)	(599,483)
Net investment in property and equipment		$ 429,637	$ -	$ 429,637

Depreciation expense for the year ended June 30, 2001 was $77,621.

Property and equipment consisted of the following at June 30, 2000:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	20-30 years	$ 391,570	$ -	$ 391,570
Leasehold improvement	10-20 years	8,978	-	8,978
Furniture and equipment	5-10 years	282,291	2,834	285,125
Vehicles	5 years	341,678	-	341,678
Accumulated depreciation		(519,410)	(2,452)	(521,862)
Net investment in property and equipment		$ 505,107	$ 382	$ 505,489

Depreciation expense for the year ended June 30, 2000 was $69,980.

(Continued)

(6) Refundable Advances

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

(7) Contractual Revenue – Grants

During the years ended June 30, 2001 and 2000, Delta received contractual revenue from federal and state grants in the amount of $2,768,554 and $3,081,327, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Retirement Plan

Delta participates in a tax deferred annuity plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 2001 and 2000 was $31,571 and $35,002, respectively.

(9) Commodities Distribution

The expenses shown as commodity distribution represent certain costs to distribute the commodities. The value of the commodities distributed during the years ended June 30, 2001 and 2000 was approximately $4,462 and $47,577, respectively. The value of the commodities distributed is not reflected in the accompanying financial statements.

(Continued)

(10) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2001 and 2000, were as follows:

	2001	2000
Buildings	$ 26,400	$ 26,850
Equipment	13,407	7,160
	$ 39,807	$ 34,010

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending June 30,	
2002	$ 17,107
2003	15,706
2004	12,242
2005	2,718
Total minimum future rentals	$ 47,773

(11) Line of Credit

During the year ended June 30, 1999, the agency obtained a line of credit at a local bank, with an initial interest rate of 7.75%. The line of credit has a limit of $50,000, with an outstanding balance at June 30, 1999 of $50,000. The entire balance was paid during the year ended June 30, 2000.

(12) Accrued Liabilities

Accrued liabilities consisted of the following:

	2001	2000
Accrued leave payable	$ 25,545	$ 25,545
Payroll taxes payable	7,164	3,862
	$ 32,709	$ 29,407

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Financial Position
June 30, 2001

Assets	Head Start Program	Child Care Food Program	Community Service Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	Mental Health	Commodities Distribution	General Services	Total
Current assets:											
Cash	$ 3,215	$ 27,052	$ 5,887	$ 12,629	$ 945	$ 11,584	$ 24,007	$	$ 3,648	$ 99,048	$ 188,015
Grant receivables			7,500	36,136	52,636	15,138				3,621	115,031
Due from other funds	26,656									26,754	53,410
Total current assets	29,871	27,052	13,387	48,765	53,581	26,722	24,007		3,648	129,423	356,456
Property and equipment:											
Property and equipment	918,189		48,882		4,623	5,059	50,282			2,085	1,029,120
Accumulated depreciation	(508,417)		(33,400)		(2,892)	(3,986)	(48,703)			(2,085)	(599,483)
Total property & equipment	409,772		15,482		1,731	1,073	1,579				429,637
Total Assets	$ 439,643	$ 27,052	$ 28,869	$ 48,765	$ 55,312	$ 27,795	$ 25,586	$	$ 3,648	$ 129,423	$ 786,093
Liabilities Net Assets											
Current liabilities:											
Accounts payable	$ 10,309	$ 396	$ 3,441	$ 33,885	$ 45,071	$	$	$	$	$	$ 93,102
Accrued liabilities	15,343				932	4,917	3,384			8,133	32,709
Due to other funds	1,833	26,656	7,491	12,291	5,139						53,410
Refundable advances	2,386		2,455	2,101	2,439	24,092	20,623				54,096
Total current liabilities	29,871	27,052	13,387	48,277	53,581	29,009	24,007			8,133	233,317
Net assets:											
Unrestricted:											
Operating				488		(2,287)			3,648	121,290	123,139
Fixed assets	409,772		15,482		1,731	1,073	1,579				429,637
Total net assets	409,772		15,482	488	1,731	(1,214)	1,579		3,648	121,290	552,776
Total Liabilities and Net Assets	$ 439,643	$ 27,052	$ 28,869	$ 48,765	$ 55,312	$ 27,795	$ 25,586	$	$ 3,648	$ 129,423	$ 786,093

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2001

	Head Start Program	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	Mental Health	Commodities Distribution	General Services	Total
Revenues and Other Support:											
Contractual revenue - grants	$ 1,454,757	$ 175,569	$ 155,119	$ 182,543	$ 555,258	$ 123,662	$ 118,274	$ 2,278	$ 1,094	$	$ 2,768,554
Miscellaneous revenues										18,356	18,356
Total revenues and other support	1,454,757	175,569	155,119	182,543	555,258	123,662	118,274	2,278	1,094	18,356	2,786,910
Expenses											
Salaries	788,832	88,338	100,651		53,363	84,707	48,598		1,241	6,814	1,172,544
Fringe benefits	193,613	27,083	21,583		13,213	12,398	12,178		328		280,396
Travel	35,402	1,405	10,932		7,758	4,144	6,887		544	642	67,714
Equipment	27,295		143		406						27,844
Occupancy	90,157		7,724		2,154	10,553	141		587		111,316
Telephone and postage	28,194		3,336		5,043	4,335	9,403			726	51,037
Insurance	8,874		360			300					9,534
Vehicle operation	30,867					414					31,281
Supplies	82,558	235	613		2,070	536	2,852		96	57	89,017
Professional services	87,665				4,949	5,675	35,802			1,850	135,941
Food and related supplies	55,297	55,930			464,533						575,760
Miscellaneous	26,003	2,578	2,725	15,795		600		2,278		4,123	54,102
Client assistance payments			6,706	166,748		(2,744)					170,710
Depreciation	68,512		6,279		713	357	1,377			383	77,621
Total expenses	1,523,269	175,569	161,052	182,543	554,202	121,275	117,238	2,278	2,796	14,595	2,854,817
Change in net assets	(68,512)		(5,933)		1,056	2,387	1,036		(1,702)	3,761	(67,907)
Net assets, beginning of year	478,284		21,415	488	675	(3,601)	2,957		5,350	115,115	620,683
Indirect cost transfer							(2,414)			2,414	
Net assets, end of year	$ 409,772	$	$ 15,482	$ 488	$ 1,731	$ (1,214)	$ 1,579	$	$ 3,648	$ 121,290	$ 552,776

Supplemental Information Schedules Prepared For Grants and Contracts Analysis

Delta Community Action Association, Inc.
Tallulah, Louisiana
Head Start Grant No. 06CH0393/10
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: July 1, 2000 to June 30, 2001

	Approved Budget	Actual	COB Balance Current Year
Revenues:			
Amount awarded this budget period	$ 1,454,503	$ 1,454,503	
Grantee's contribution	363,626	363,626	
Total revenues	1,818,129	1,818,129	
Expenses:			
Personnel	878,270	788,832	$ 89,438
Fringe benefits	216,397	193,613	22,784
Travel	21,000	27,539	(6,539)
Supplies	44,000	82,558	(38,558)
Other	294,836	361,961	(67,125)
Head Start grant expenses	1,454,503	1,454,503	
Grantee's share	363,626	363,626	
Total expenses	$ 1,818,129	1,818,129	
Revenue over expenses			
Fund balance, beginning July 1, 2000		2,640	
Fund balance, ending June 30, 2001		$ 2,640	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Child and Adult Care Food Program
Head Start Food Service
Louisiana Department of Education
Schedule of Revenues and Expenditures
For the Contract Period: October 1, 1999 to September 30, 2000

Revenue:	
Contract revenue	$ 153,799
Audit reimbursement	
Total revenue	153,799
Expenses:	
Salaries	82,576
Fringe benefit	24,355
Other administrative costs	1,918
Non food supplies	278
Food service costs	44,672
Total expenses	153,799
Excess revenue (expenses)	
Fund balance, beginning October 1, 1999	
Fund balance, ending September 30, 2000	$

Delta Community Action Association, Inc.
Tallulah, Louisiana
Community Services Block Grant
Department of Labor
Contract No. 2000N0038
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Period: January 1, 2000 to June 2001

CONTRACT PERIOD: January 1, 2000 to September 30, 2001

	Budget	Actual	Actual (Over) Under Budget
Revenues:			
Contract revenue		$ 221,734	
Total revenue		221,734	
Expenses:			
Administration:			
Salaries	144,209	120,562	23,647
Fringe benefits	37,495	25,823	11,672
Travel	10,075	8,785	1,290
Other support costs	36,000	22,299	13,701
Total administration	227,779	177,469	50,310
Program activities:			
Salaries	32,723	26,719	6,004
Fringe benefits	8,508	6,057	2,451
Travel	2,000	2,853	(853)
Other support costs	1,500	195	1,305
Activities	22,400	5,647	16,753
Total program activities	67,131	41,471	25,660
Community food and nutrition	7,234	(8)	7,242
Total expenses	$ 302,144	218,932	$ 83,212
Excess revenue (expenses)		2,802	
Fund balance, January 1, 2000		369	
Fund balance, June 30, 2001		$ 3,171	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Low Income Home Energy Assistance Program
Louisiana Department of Social Services
Office of Community Services
CFMS No. 528383
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: January 1, 2000 to December 31, 2000

	Budget	Actual	(Over) Under Budget
Revenues:			
Contract revenue		$ 145,696	
Expenses:			
Administrative costs	$ 11,191	10,063	$ 1,128
Services	149,225	134,170	15,055
Total expenses	$ 160,416	144,233	$ 16,183
Excess revenue (expenses)		1,463	
Fund balance, beginning January 1, 2000		838	
Fund balance, ending December 31, 2000		$ 2,301	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Low Income Home Energy Assistance Program
Louisiana Department of Social Services
Office of Community Services
CFMS No. 565772
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: January 1, 2001 to June 30, 2001

	Budget	Actual	(Over) Under Budget
Revenues:			
Contract revenue		$ 94,143	
Expenses:			
Administrative costs	$ 9,522	5,855	$ 3,667
Services	126,958	88,000	38,958
Total expenses	$ 136,480	93,855	$ 42,625
Excess revenue (expenses)		288	
Fund balance, beginning January 1, 2001		2,301	
Fund balance, ending June 30, 2001		$ 2,589	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Family Day Care Home Program
Louisiana Department of Education
Schedule of Revenues and Expenditures
For the Period: October 1, 1999 to September 30, 2000

Revenue:	
Contract revenue	$ 519,399
Audit reimbursement	
Total revenue	519,399
Expenses:	
Salaries	49,519
Fringe benefit	12,190
Travel	10,559
Office costs	8,592
Operating costs	2,240
Provider payments	438,748
Total expenses	521,848
Excess revenue (expenses)	$ (2,449)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Delta Recovery Center
DOA Contract No. 351100929
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: July 1, 2000 to June 30, 2001

	Budget	Actual	Actual (Over) Under Budget
Revenue:			
Contract revenue		$ 124,909	
Expenses:			
Salaries	$ 84,707	84,707	$
Fringe benefit	12,569	12,398	171
Travel	4,400	4,145	255
Operating services	17,971	16,222	1,749
Supplies	1,200	536	664
Professional services	8,814	5,655	3,159
Total federal expenditures	$ 129,661	123,663	$ 5,998
Miscellaneous non-federal expenses		(2,744)	
Total expenditures		120,919	
Excess revenue (expenses)		3,990	
Fund balance, beginning July 1, 2000		17,815	
Fund balance, ending June 30, 2001		$ 21,805	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Temporary Emergency Food Assistance Program
Commodities Program
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Period: July 1, 2000 to June 30, 2001

Revenue:	
Contract revenue	$ 1,094
Expenses:	
Salaries	1,241
Fringe benefits	328
Travel	547
Supplies	95
Other expenses	586
Total expenses	2,797
Excess revenue (expenses)	(1,703)
Fund balance, July 1, 2000	5,351
Fund balance, June 30, 2001	$ 3,648

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Direct Program:			
Head Start (Fy 6-30-01)	93.600	06CH0393/10	$ 1,454,503
Passed through Louisiana Department of Labor			
Community Services Block Grant (Fy 12-31-01)	93.569	2000N0038	154,772
Passed through Louisiana Department of Social Services, Office of Community Services			
Home Energy Assistance Program - Energy (Fy 12-31-00)	93.568	528383	88,688
Home Energy Assistance Program - Energy (Fy 6-30-01)	93.568	565772	93,855
Passed through Louisiana Department of Health and Hospitals, Office of Mental Health			
Mental Health Program (Fy 6-30-01)	93.958	544670	2,278
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse			
Delta Recovery Center (Fy 6-30-01)	93.959	351100929	123,663
U.S. Department of Education			
Passed through Louisiana Department of Education:			
Migrant Education	84.011	FY-00 and FY-01	118,275

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (FDCH) (Fy 9-30-00)	10.558	Unknown	137,256
Child and Adult Care Food Program (FDCH) (Fy 9-30-01)	10.558	Unknown	418,002
Child and Adult Care Food Program (Head Start) (Fy 9-30-00)	10.558	Unknown	37,810
Child and Adult Care Food Program (Head Start) (Fy 9-30-01)	10.558	Unknown	137,760
Passed through Louisiana Department of Agriculture and Forestry			
Temporary Emergency Food Assistance Program	10.568	Unknown	2,797
Food Distribution – Value of Commodities Distributed	10.569	Unknown	4,462
Total federal expenditures			$ 2,774,121

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

NOTE 2: Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and distributed. At June 30, 2001, Delta had no food commodities in inventory.

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

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. as of and for the year ended June 30, 2001, and have issued our report thereon dated November 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delta Community Action Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain other matters involving the internal control over financial reporting that we have reported to the management of Delta Community Action Association, Inc., in a separate management letter dated November 2, 2001.

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

Cook & Morehart
Certified Public Accountants
November 2, 2001

COOK & MOREHART

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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
Delta Community Action Association, Inc.
Tallulah, Louisiana

Compliance

We have audited the compliance of Delta Community Action Association, Inc. (a non-profit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Delta Community Action Association, 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 Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Delta Community Action Association, 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 Delta Community Action Association, 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 Delta Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Delta Community Action Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Delta Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Delta Community Action Association, 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.

We noted a matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Delta Community Action Association, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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
November 2, 2001

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2001

There were no findings or questioned costs for the prior audit year ended June 30, 2000.

Schedule of Findings and Questioned Costs
June 30, 2001

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Delta Community Action Association, Inc.

2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of Delta Community Action Association, Inc. were disclosed during the audit.

4. One reportable condition is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133. The condition is not reported as a material weakness.

5. The auditor's report on compliance for the major federal award program for Delta Community Action Association, Inc. expresses an unqualified opinion.

6. There is one audit finding relative to the major federal award programs for Delta Community Action Association, 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) Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Delta Community Action Association, Inc. qualifies as a low-risk auditee.

B. Findings – Financial Statements Audit

NONE

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

(Continued)

DEPARTMENT OF AGRICULTURE (USDA)

2001-C1 Family Day Care Home – CCFP Grant – CFDA No. 10.558 – Grant period ended September 30, 2000

Statement of Condition: The agency received incorrect administrative reimbursements during the grant periods ending September 30, 1999 and 2000, as follows:

Grant ended September 30, 1999:	
Amount due to state - over reimbursement of administrative costs	$ 10,575
Amount due to state – over reimbursement of provider costs	1,980
Grant ended September 30, 2000:	
Amount due from state - under reimbursement of administrative costs	(2,449)
Net due to state	$ 10,106

Criteria: Maximum allowable administrative expenses allowed for reimbursement under the FDCH program is set forth in the OMB Circular A-133 Compliance Supplement.

Effect: Net amount of $10,106 is due back to the State of Louisiana, Department of Education.

Cause: The administrative portion of the agency's monthly requests for funds were not prepared from / reconciled to the agency's accounting records.

Recommendation: We recommend that the agency contact its funding source regarding the disposition of these funds. We further recommend that the agency's monthly requests for funds be prepared from the agency's accounting records.

Management Response: The funding source will be contacted regarding the disposition of the questioned funds. The agency will try to resolve the issue as early as possible. The agency has begun preparing monthly requests for funds from our accounting records.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Prior Audit Findings For Louisiana Legislative Auditor
June 30, 2001

There were no findings in the previous audit for the year ended June 30, 2000.

There were four management letter comments in the previous audit for the year ended June 30, 2000, as follows:

Prior Year Comment #1 – Fixed Assets

See current year management letter comment.

Prior Year Comment #2 – Head Start In-kind

Improvement was noted this year. However, see current year management letter comment.

Prior Year Comment #3 – Family Day Care Home Program Files

Improvement was noted this year.

Prior Year Comment #4 – Pay Rate Authorizations

Improvement was noted this year.

Prior Year Comment #5 – Excess Funds – Family Day Care Home Program

See current year finding.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Current Audit Findings For Louisiana Legislative Auditor
June 30, 2001

There was one finding for the year ended June 30, 2001, as detailed in the Schedule of Findings and Questioned Costs as item 2001-C1.

There were four management letter comments for the current audit year ended June 30, 2001. Management's response to these are as follows:

Comment #1 – Fixed Assets

A capitalization policy is being developed by the agency. A Fixed Assets Manager will be appointed who will be responsible for compiling an agency-wide fixed assets inventory that will reflect a current listing of all fixed assets. The manager will complete an agency wide fixed asset inventory during the month of April each year.

Comment #2 – Head Start In-kind

A Head Start employee has been appointed to compile all in-kind earned and reported periodically. The Head Start Director will monitor the report monthly to ensure that the in-kind match is met during the grant period. The reports with all supporting documentation will be made available upon request. The agency will also obtain detailed space appraisals documenting the square footage of appraised premises from a licensed appraiser.

Comment #3 – Excess Funds – Migrant Education Program

The agency has communicated with the funding source and this issue has been resolved. This issue was resolved on October 3, 2001.

Comment #4 – Liheap File Exam

Training for staff responsible for completing LIHEAP applications will be offered twice a year. A staff member who is knowledgeable of LIHEAP but does not take applications will review each application for completeness, accuracy and assurance that all program guidelines have been complied with.

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Management Letter

November 2, 2001

Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. (Delta), for the year ended June 30, 2001, and have issued our report thereon dated November 2, 2001. In planning and performing our audit of the financial statements of Delta Community Action Association, 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 certain matters were noted involving internal controls over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of Delta. These comments have been discussed with the appropriate members of management.

REPEAT COMMENTS FROM PRIOR YEAR:

(1) Fixed Assets

Delta does not have procedures in place to ensure that an agency-wide fixed asset inventory is conducted at least once every two years. They do have listings of assets acquired by each program, but these listings are not current and are not updated for new additions or retirements. They also have not adopted a formal capitalization policy.

We recommend that Delta implement adopt a capitalization policy for the agency and implement procedures to ensure that a complete fixed asset inventory is done at least once every two years. We also recommend that specific personnel be assigned the duties of updating the fixed asset records on a timely basis.

(2) Head Start In-Kind

When we arrived to perform the audit, the agency could not provide us with supporting documentation to prove that they had met the required in-kind match for the Head Start program. They were subsequently able to provide us with the necessary documentation and they did meet the required match. However, there was not a proper monitoring and tracking system in place during the year to ensure that the match would be met. In addition, space appraisals used in in-kind determinations do not provide adequate information on square footage for agency to determine total value of in-kind received.

We recommend that the agency establish a proper monitoring system for the in-kind match to ensure that the match will be met during the grant period. We further recommend that the agency obtain detailed space appraisals documenting the square footage of appraised premises.

NEW COMMENTS THIS YEAR:

(3) Excess Funds – Migrant Education Program

For the grant period ended September 30, 2000, excess funds of $8,569 remained in the Migrant Education Program.

We recommend that the agency communicate with its funding source regarding the disposition of these funds.

(4) Liheap File Exam

During our testing of eligibility for the Liheap program, we noted three exceptions relating to the calculation of family's annual household income.

We recommend that the agency implement procedures to ensure that eligibility calculations are correct, and that someone independent of taking be assigned to review completed applications and all calculations for compliance with program guidelines.

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

Cook & Morehart

Cook & Morehart
Certified Public Accountants