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**Quad Area Community Action Agency, Inc.
Hammond, Louisiana**

Financial Statements With Auditors' Report

**As of and for the Years Ended December 31, 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 7/17/02

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Hammond, Louisiana
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Independent Auditors' Report

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

We have audited the accompanying statements of financial position of Quad Area Community Action Agency, Inc. (a nonprofit organization) as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Quad Area 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 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 Quad Area Community Action Agency, Inc. as of December 31, 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.

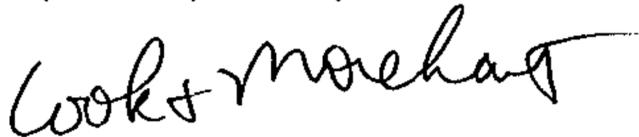
In accordance with *Government Auditing Standards*, we have also issued a report dated May 24, 2002, on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Quad Area 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. 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 information schedules shown on pages 16–19, are presented for the purpose of additional analysis and are not a required part of the financial statements of Quad Area 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 For Grants and Contracts Analysis" in the table of contents and shown on pages 21–35, are presented for the purpose of providing various funding sources of Quad Area 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 Quad Area 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 21–35 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
Certified Public Accountants
May 24, 2002

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Financial Position
December 31, 2001 and 2000

Assets	<u>2001</u>	<u>2000</u>
Current assets:		
Cash	\$ 106,620	\$ 94,493
Cash restricted for migrant construction project	217,499	
Grant receivables	84,718	144,126
Other receivables	58,226	305
Due from other funds	<u>494,332</u>	<u>321,218</u>
Total current assets	961,395	560,142
Property and equipment	2,619,643	2,463,795
Accumulated depreciation	<u>(495,915)</u>	<u>(458,729)</u>
Net property and equipment	<u>2,123,728</u>	<u>2,005,066</u>
Total Assets	<u>\$ 3,085,123</u>	<u>\$ 2,565,208</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 112,308	\$ 4,056
Accrued liabilities	91,461	101,977
Due to other funds	494,332	321,218
Current portion of long-term debt	248,857	217,336
Migrant Project construction loan	404,900	
Refundable advances	<u>219,933</u>	<u>97,543</u>
Total current liabilities	<u>1,571,791</u>	<u>742,130</u>
Long-term debt	<u>1,443,420</u>	<u>1,606,826</u>
Total liabilities	<u>3,015,211</u>	<u>2,348,956</u>
Net assets:		
Unrestricted:		
Operating	(356,418)	(187,409)
Fixed assets	<u>426,330</u>	<u>403,661</u>
Total net assets	<u>69,912</u>	<u>216,252</u>
Total Liabilities and Net Assets	<u>\$ 3,085,123</u>	<u>\$ 2,565,208</u>

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Activities
For the Years Ended December 31, 2001 and 2000

Revenues and Other Support:	Unrestricted	
	2001	2000
Contractual revenue - grants	\$ 4,643,192	\$ 3,613,745
Fees earned	82,521	99,253
Miscellaneous revenues	139,100	204,605
	4,864,813	3,917,603
Expenses:		
Home energy assistance	1,568,272	902,781
Community services	1,110,770	975,771
Weatherization assistance	222,187	87,847
Head start program	911,586	901,333
Child nutrition	99,661	84,152
Foster grandparents program	401,508	376,116
Retired senior volunteer program	54,797	51,091
Commodities distribution		55,188
Emergency assistance	51,241	35,834
Literacy education	52,172	76,829
Emergency shelter grants	36,673	44,498
Wrap around child care program	34,866	
Teen pregnancy prevention program	66,227	
Medicaid application services		79,306
Welfare to work program		37,690
Self-help Housing services		10,000
General services	401,193	329,423
	5,011,153	4,047,859
Changes in net assets	(146,340)	(130,256)
Net assets, beginning of year	216,252	346,508
Net assets, end of year	\$ 69,912	\$ 216,252

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2001 and 2000

Operating Activities	2001	2000
Change in net assets	\$ (146,340)	\$ (130,256)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	106,646	121,122
Loss on retirement of property and equipment	10,315	
(Increase) decrease in operating assets:		
Grant receivables	58,303	(84,371)
Other receivables	(56,814)	2,086
Increase (decrease) in operating liabilities:		
Accounts payable	108,252	3,347
Accrued liabilities	(10,516)	82,529
Refundable advances	122,390	(3,053)
Net cash provided by (used in) operating activities	192,236	(8,596)
 Investing Activities		
Payments for property and equipment	(48,222)	(74,604)
Net cash used in investing activities	(48,222)	(74,604)
 Financing Activities		
Proceeds from notes payable	200,000	143,885
Repayments of long-term debt	(331,887)	(58,644)
Net cash provided by financing activities	(131,887)	85,241
 Net increase in cash	12,127	2,041
 Cash as of beginning of year	94,493	92,452
 Cash as of end of year	\$ 106,620	\$ 94,493
 Supplemental disclosures:		
Cash paid for interest was \$150,267 in 2001 and \$141,711 in 2000.		
 Non-cash investing and financing transaction:		
Acquisition of property		
Loan proceeds		\$ 404,900
Cost of construction in progress		(187,401)
Cash held for construction		\$ 217,499

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Quad Area Community Action Agency, Inc. (QACAA) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. QACAA is governed by a Board of Directors from the different parishes that QACAA serves. QACAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in the following parishes of Louisiana: Ascension, East Feliciana, West Feliciana, Livingston, St. Helena, Tangipahoa, and Washington. The following programs, with their approximate percentage of total revenues indicated, are administered by QACAA:

Home Energy Assistance (32%) – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services and Louisiana Housing Finance Agency.

Community Services Block Grant (22.8%) – 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.

Weatherization Assistance (4.5%) – Weatherizes (insulates) the dwellings of low-income persons, particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Department of Social Services and Louisiana Housing Finance Agency.

Head Start Program (19.4%) – 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 Nutrition (2%) – Operates a Child and Adult Care Food Program in coordination with the Head Start Program and the Wrap Around Child Care Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

Foster Grandparents Program (8%) – Sets up projects which provide one-on-one help to children with special needs or exceptional needs in health, education, welfare and related settings. Foster grandparents must be low-income persons at least 60 years of age. Funding is provided by federal funds from the U.S. Agency The Corporation For National Service.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

RSVP Program (1%) – Provides opportunities for retired persons to volunteer their services in order to remain physically and mentally active. Funding is provided by federal funds from the U.S. Agency The Corporation For National Service.

Commodities Distribution – 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.

Emergency Assistance (1%) – Provides emergency food and shelter in areas of high need through-out the community to persons based upon their unemployment or poverty status. Funding is provided by federal funds passed through local United Way agencies.

Literacy Education (.9%) – Develops programs and activities to meet the needs of welfare to work and undereducated non adolescent adult students to help prepare them for entering the work force. Funding is provided by federal funds passed through the Louisiana Department of Education.

Emergency Shelter Grants Program (.9%) – Provides funds to meet costs for building rehabilitation, operational/maintenance expenses, and essential services in connection with emergency shelter of homeless persons, as well as costs of eligible homeless prevention activities through three Emergency Shelter Grants funded with federal HUD funds passed through the Parishes of Ascension, Tangipahoa, and Livingston, State of Louisiana.

Wrap Around Child Care Program (.7%) – Provides quality child care during the summer months to children meeting specified criteria. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services.

Teen Pregnancy Prevention Program (.15%) – Provides teen pregnancy prevention program activities for at-risk youth in Tangipahoa, St. Helena, Livingston, and E. Feliciana Parishes. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

General Services (4.5%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

B. Basis of Accounting

The financial statements of QACAA 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 Taxes

QACAA is a nonprofit 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 QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA 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, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2001 or 2000.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of \$500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

are stated 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. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Revenue and Support

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

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

I. Functional Allocation of Expenses

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

(2) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC up to \$100,000 at each bank. At December 31, 2001, \$1,116,425 was held at financial institutions. Of this amount, \$410,772 was insured by the FDIC, and the remaining \$705,653 was uninsured. At December 31, 2000, there were no amounts that were not FDIC insured or collateralized by pledged securities.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2001 and 2000, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2001 and 2000, but not received until after that date.

(4) Due To and Due From Other Funds

Fund	2001		2000	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Unrestricted	\$ 371,990	\$ 430,786	\$ 318,541	\$ 124,847
Medicaid Application Services	-	-	-	118,805
Restricted Funds:				
Child and Adult Care Food Program	-	2,131	-	2,567
Weatherization Assistance	-	16,822	-	38,455
Wrap Around Child Care	2,290	500	-	-
Drug-Free and Literacy Education	-	13,191	-	9,315
Emergency Shelter Grants Program	1,524	7,626	-	19,315
Home Energy Assistance	-	-	16	1
Community Services	77,498	10,308	2,061	7,509
Teen Pregnancy Prevention Program	-	12,968	-	-
Head Start Program – due from Payroll account	41,030	-	600	404
	<u>\$ 494,332</u>	<u>\$ 494,332</u>	<u>\$ 321,218</u>	<u>\$ 321,218</u>

(5) Refundable Advances

QACAA 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.

(6) Unrestricted Operating Net Assets

Unrestricted operating net assets at December 31, 2001 and 2000, are detailed by individual program as follows:

	2001	2000
Emergency Shelter Grants Program	\$ (759)	\$ (6,316)
Medicaid Application Services	-	(113,359)
Adult Education	(2,609)	-
General Services	(353,050)	(67,734)
	<u>\$ (356,418)</u>	<u>\$ (187,409)</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

(7) Property and Equipment

An analysis of the property and equipment at December 31, 2001 is as follows:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings and Improvements	20 – 30 years	\$ 687,012	\$ 881,325	\$ 1,568,337
Land		31,500	377,250	408,750
Furniture and equipment	5 – 7 years	249,899	32,160	282,059
Vehicles	5 years	97,118	75,978	173,096
Construction in progress			187,401	187,401
Accumulated depreciation		<u>(366,570)</u>	<u>(129,345)</u>	<u>(495,915)</u>
Net investment in plant		<u>\$ 698,959</u>	<u>\$1,424,769</u>	<u>\$ 2,123,728</u>

Depreciation expense for the year ended December 31, 2001 was \$106,646.

An analysis of the property and equipment at December 31, 2000 is as follows:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings and Improvements	20 – 30 years	\$ 682,251	\$ 881,325	\$ 1,563,576
Land		31,500	377,250	408,750
Furniture and equipment	5 – 7 years	273,152	34,364	307,516
Vehicles	5 years	97,119	86,834	183,953
Accumulated depreciation		<u>(370,625)</u>	<u>(88,104)</u>	<u>(458,729)</u>
Net investment in plant		<u>\$ 713,397</u>	<u>\$1,291,669</u>	<u>\$ 2,005,066</u>

Depreciation expense for the year ended December 31, 2000 was \$121,122.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

(8) Long-term Debt

Long-term debt at December 31, 2001 and 2000 consisted of the following:

	<u>2001</u>	<u>2000</u>
Note payable to a bank, due in monthly installments of \$327.42 including interest at 7.50%, secured by a vehicle; final payment due August 20, 2001	\$ -	\$ 3,161
Note payable to a bank, due in monthly installments of \$579.59 including interest at 8.65%, secured by a vehicle; final payment due January, 2002	1,222	8,177
Note payable to a vendor, due in monthly installments of \$645.45 including interest at .9%, secured by a vehicle; final payment due July, 2003	12,172	19,771
Note payable to a bank, due in monthly installments of \$2,588.70 including interest at 8.75%, secured by a pledge of collateral mortgage note; final payment due August, 2002	171,692	186,999
Note payable to a bank, due in monthly installments of \$3,021.06 including interest at 8.75%, secured by building; final payment due March, 2009	156,054	183,970
Note payable to a bank, due in monthly installments of \$10,228.20 including interest at 8.0%, secured by real estate; final payment due October, 2004. Loan is also guaranteed by the U.S. Department of Agriculture for \$1,080,000 under a loan note guarantee.	1,168,857	1,199,328

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

Note payable to a bank, due in monthly installments of \$1,317.45, including interest at 9.75%; secured by real estate; final payment due June, 2005	90,969	97,701
Note payable to a bank, interest of 9.0%; principal due on demand; unsecured	91,311	125,055
Total Debt	<u>1,692,277</u>	<u>1,824,162</u>
Less current installments on long-term debt	<u>(248,857)</u>	<u>(217,336)</u>
Non-current portion of long-term debt	<u>\$ 1,443,420</u>	<u>\$ 1,606,826</u>

Approximate maturities of long-term debt are summarized as follows:

<u>For the Year Ending December 31,</u>	<u>Approximate Amount</u>
2002	\$ 248,857
2003	162,075
2004	1,144,546
2005	<u>136,799</u>
	<u>\$ 1,692,277</u>

Interest expense on these notes for the years ended December 31, 2001 and 2000 was \$150,267 and \$141,711.

(9) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 2001 and 2000 were \$69,161 and \$63,330.

(10) Contractual Revenue – Grants

During the years ended December 31, 2001 and 2000, QACAA received contractual revenue from federal and state grants in the amount of \$4,643,192 and \$3,613,745, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

(11) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties. Rental costs on these items for the years ended December 31, 2001 and 2000, were as follows:

	2001	2000
Buildings	\$ 54,727	\$ 80,993
Equipment	6,493	27,012
	\$ 61,220	\$ 108,005

There are no commitments under lease agreements having lease terms in excess of one year.

(12) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$253,898 during January 1, 2000 through December 31, 2000. The value of the commodities distributed is not reflected in the accompanying financial statements. The commodities program ended during 2000.

(13) Partnership Investments

QACAA serves as the Managing General Partner for Livingston Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty-two unit apartment complex in Livingston, Louisiana known as Cedar Ridge Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA serves as the Managing General Partner for Hammond Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty-eight unit apartment complex in Hammond, Louisiana known as Hammond Square Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2001 and 2000
(Continued)

QACAA serves as the Managing General Partner for Jackson Place Apartments, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty unit apartment complex in Jackson, Louisiana known as Jackson Place Apartments; permanent financing provided with funds from the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Financing Agency.

QACAA entered into Management Sub-Contracts with Calhoun Property Management, Inc., in which they will co-manage all Partnerships. QACAA's ownership percentage of all partnerships is .5%.

(14) Cash Restricted For Migrant Construction Project

QACAA has \$217,499 held at a financial institution in a demand deposit account. This account is for the Migrant Project construction activity and represents funds drawn on the construction loan with the U.S. Department of Agriculture, Rural Development that were not expended as of December 31, 2001. Expenditures for construction in process on the migrant project were \$187,401 at December 31, 2001.

(15) Migrant Project Construction Loan

QACAA entered into an agreement with U.S.D.A. -- Rural Development for loans and grants to build a migrant project. The amount drawn on the construction loan as of December 31, 2001 was \$404,900.

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Financial Position
December 31, 2001
(With Comparative Totals for 2000)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Foster Grandparents Program	Retired Senior Volunteer Program
Assets							
Current assets:							
Cash	\$	\$	\$ 68	\$ 102,011	\$ 2,728	\$	\$ 297
Migrant Project Construction account							
Grant receivables	30,373		16,754		8,010		
Other receivables	56,814			1,107			
Due from other funds		77,498		41,030			
Total current assets	<u>87,187</u>	<u>77,498</u>	<u>16,822</u>	<u>144,148</u>	<u>10,738</u>		<u>297</u>
Property and equipment	572	55,502		962,058		4,819	5,688
Accumulated depreciation	(572)	(39,230)		(300,338)		(3,831)	(5,688)
Net property and equipment		<u>16,272</u>		<u>661,720</u>		<u>988</u>	
Total Assets	<u>\$ 87,187</u>	<u>\$ 93,770</u>	<u>\$ 16,822</u>	<u>\$ 805,868</u>	<u>\$ 10,738</u>	<u>\$ 988</u>	<u>\$ 297</u>
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 87,187	\$	\$	1,107	\$ 1,107	\$	\$
Accrued liabilities							
Due to other funds		10,308	16,822		2,131		
Current portion long-term debt				198,307			
Migrant Project loan		67,190		143,041	7,500		297
Refundable advances		77,498	16,822	342,455	10,738		297
Total current liabilities	<u>87,187</u>	<u>77,498</u>	<u>16,822</u>	<u>342,455</u>	<u>10,738</u>		<u>297</u>
Long-term debt				129,439			
Net assets:							
Unrestricted:							
Operating				333,974		988	
Fixed assets		16,272		333,974		988	
Total net assets		<u>16,272</u>		<u>333,974</u>		<u>988</u>	
Total Liabilities and Net Assets	<u>\$ 87,187</u>	<u>\$ 93,770</u>	<u>\$ 16,822</u>	<u>\$ 805,868</u>	<u>\$ 10,738</u>	<u>\$ 988</u>	<u>\$ 297</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Financial Position
December 31, 2001
(With Comparative Totals for 2000)

	Emergency Assistance	Literacy Education	Emergency Shelter Grants Program	Wrap Around Child Care Program	Teen Pregnancy Prevention Program	General Services	Total
	2001	2001	2001	2001	2001	2001	2000
Assets							
Current assets:							
Cash	\$ 235	\$ 439	\$ 115	\$ 373	\$ 354	\$ 106,620	\$ 94,493
Cash restricted for migrant construction					217,499	217,499	
Grant receivables	11,268	5,718		12,595		84,718	144,126
Other receivables		1,524	2,290		305	58,226	305
Due from other funds		7,681	2,405		371,990	494,332	321,218
Total current assets	11,503	14,362	4,705	12,968	590,148	961,395	560,142
Property and equipment	28,334	1,716		6,840	1,554,114	2,619,643	2,463,795
Accumulated depreciation	(14,736)	(1,491)		(684)	(129,345)	(495,915)	(458,729)
Net property and equipment	13,598	225		6,156	1,424,769	2,123,728	2,005,066
Total Assets	\$ 25,101	\$ 7,906	\$ 2,405	\$ 19,124	\$ 2,014,917	\$ 3,085,123	\$ 2,565,208
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 921	\$ 814	\$	\$	\$ 21,172	\$ 112,308	\$ 4,056
Accrued liabilities					91,461	91,461	101,977
Due to other funds	13,191	7,626	500	12,968	430,786	494,332	321,218
Current portion long-term debt					50,550	248,857	217,336
Migrant Project loan			1,905		404,900	404,900	97,543
Refundable advances						219,933	
Total current liabilities	14,112	8,440	2,405	12,968	998,869	1,571,791	742,130
Long-term debt					1,313,981	1,443,420	1,606,826
Net assets:							
Unrestricted:							
Operating	(2,609)	(759)			(353,050)	(356,418)	(187,409)
Fixed assets	13,598	225		6,156	55,117	426,330	403,661
Total net assets	10,989	(534)		6,156	(297,933)	69,912	216,252
Total Liabilities and Net Assets	\$ 25,101	\$ 7,906	\$ 2,405	\$ 19,124	\$ 2,014,917	\$ 3,085,123	\$ 2,565,208

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 2001
(With Comparative Totals for 2000)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Foster Grandparents Program	Retired Senior Volunteer Program
Revenues and Other Support:							
Contractual revenue-grant	\$ 1,568,272	\$ 1,109,109	\$ 222,187	\$ 944,085	\$ 99,661	\$ 400,709	\$ 54,797
Fees earned							
Miscellaneous revenues							
Total revenues and other support	<u>1,568,272</u>	<u>1,109,109</u>	<u>222,187</u>	<u>944,085</u>	<u>99,661</u>	<u>400,709</u>	<u>54,797</u>
Expenses:							
Salaries	87,380	572,556	99,377	589,858	24,234	71,910	33,515
Fringe benefits	13,323	115,599	22,147	92,471	5,008	11,047	6,305
Travel		21,439	6,796	31,760		2,071	1,507
Space costs	8,439	140,148	18,066	55,933		6,144	3,875
Telephone	1,182	55,729	1,202	9,552		3,742	1,053
Insurance	987	45,941	4,931	9,843			
Equipment expenses	401	55,836	21,027			777	
Supplies	703	17,328	36,637	36,410	419	781	525
Professional services and contract labor		22,467	12,004	3,270		1,600	500
Food and related supplies		2,836		716	70,000		
Miscellaneous		13,537		25,663			32
Vehicle expenses				14,482			
Volunteer expenses						302,637	7,485
Client assistance payments	1,455,857	40,774					
Interest expense							
Depreciation expense		6,580		41,628		799	
Total expenses	<u>1,568,272</u>	<u>1,110,770</u>	<u>222,187</u>	<u>911,586</u>	<u>99,661</u>	<u>401,508</u>	<u>54,797</u>
Changes in net assets		(1,661)		32,499		(799)	
Net assets, beginning of year		17,933		301,475		1,787	
Net assets, end of year	\$	\$ 16,272	\$	\$ 333,974	\$	\$ 988	\$

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 2001
(With Comparative Totals for 2000)
(Continued)

	Emergency Assistance	Literacy Education	Emergency Shelter Grants Program	Wrap Around Child Care Program	Teen Pregnancy Prevention Program	General Services	Total
	2001	2001	2001	2001	2001	2001	2000
Revenues and Other Support:							
Contractual revenue-grant	\$ 51,241	\$ 43,897	\$ 41,985	\$ 34,866	\$ 72,383	\$ 4,643,192	\$ 3,613,745
Fees earned						82,521	99,253
Miscellaneous revenues						139,100	204,605
Total revenues and other support	51,241	43,897	41,985	34,866	72,383	4,864,813	3,917,603
Expenses:							
Salaries		38,904	4,502	13,742	18,586	121,064	1,564,408
Fringe benefits		5,638	1,252	4,193	2,560	21,800	261,716
Travel						46,457	90,905
Space costs			800		6,600	46,319	275,556
Telephone					1,100	2,212	62,146
Insurance						1,810	45,630
Equipment expenses					11,375	20,874	42,195
Supplies		1,963			9,933	5,663	105,160
Professional services and contract labor					10,000	4,237	47,464
Food and related supplies	610					3,495	67,279
Miscellaneous	890			16,931	5,389	36,139	102,820
Field trips							11,474
Volunteer expenses						310,122	292,860
Client assistance payments	49,741		29,354			17,734	956,559
Interest expense						22,346	565
Depreciation expense		5,667	245		684	51,043	121,121
Total expenses	51,241	52,172	36,673	34,866	66,227	401,193	4,047,859
Changes in net assets		(8,275)	5,312		6,156	(179,572)	(130,256)
Net assets, beginning of year		19,264	(5,846)			(118,361)	346,508
Net assets, end of year	\$	\$ 10,989	\$ (534)	\$	\$ 6,156	\$ (297,933)	\$ 216,252

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

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Low Income Home Energy Assistance Program
 Contract No. 565787
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: January 1, 2001 to June 30, 2001

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
Revenues:			
Contract revenue	\$ 768,113		
Expenditures:			
Administrative	53,528	\$ 53,585	\$ 57
Direct services	714,585	714,492	(93)
	<u>768,113</u>	<u>\$ 768,077</u>	<u>\$ (36)</u>
Excess revenues (expenditures)			
Fund balance, beginning January 1, 2001	<u> </u>		
Fund balance, ending June 30, 2001	<u>\$ </u>		

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Low Income Home Energy Assistance Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: July 1, 2001 to December 31, 2001

	Actual	Budget	Actual (Over) Under Budget
Revenues:			
Contract revenue	\$ 537,264		
Expenditures:			
Administrative	37,483	\$ 81,942	\$ 44,459
Direct services	499,781	1,092,583	592,802
	537,264	\$ 1,174,525	\$ 637,261
Excess revenues (expenditures)			
Fund balance, beginning July 1, 2001			
Fund balance, ending December 31, 2001	\$		

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Community Services Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2000 to September 30, 2001

Revenues:

Contract revenue	<u>\$ 1,801,472</u>
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Expenditures:

Administration:

Salaries	301,305
Fringe benefits	54,277
Travel	18,000
Other support costs	<u>58,843</u>

Total administration	<u>432,425</u>
----------------------	----------------

Program Activities:

Salaries	682,087
Fringe benefits	114,074
Travel	20,000
Equipment purchases	35,000
Other support costs	455,595
Activities	<u>57,836</u>

Total program activities	1,364,592
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Commodity food and nutrition	<u>4,455</u>
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Total expenditures	<u>1,801,472</u>
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Excess revenues (expenditures)

Fund balance, January 1, 2000

Fund Balance, September 30, 2001

	<u><u>\$</u></u>
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Weatherization Assistance Program
Contract No. 557467
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: April 1, 2000 to June 30, 2001

Revenue

Contract revenue	\$ 206,303
------------------	------------

Expenditures:

Administration	154,205
Liability insurance	4,369
Materials/Program Support	42,419
Financial audit	4,369
Training / Technical Assistance	941

Total expenditures	<u>206,303</u>
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Excess revenue (expenditures)

Fund balance, April 1, 2000

Fund balance, June 30, 2001

<u>\$</u>

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Head Start Grant No. 06CH0402/10
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: December 1, 2000 to November 30, 2001

	Actual	Budget	COB Balances Current Year
Revenues			
Department of Health and Human Services	\$ 1,049,958	\$ 1,049,958	
Grantee's contribution	237,490	262,490	
	1,287,448	1,312,448	
Expenditures:			
Personnel	592,829	629,546	\$ 36,717
Fringe benefits	92,730	89,878	(2,852)
Travel	16,707	15,000	(1,707)
Equipment	25,000	25,000	
Supplies	44,264	28,574	(15,690)
Facilities/Construction	68,480	168,480	100,000
Other	109,948	93,480	(16,468)
	949,958	1,049,958	100,000
Grantee's share	237,490	262,490	
Total all expenditures	1,187,448	\$ 1,312,448	
Revenue over (under) expenditures	100,000		
Fund balance, beginning December 1, 2000	-		
Fund balance, ending November 30, 2001	\$ 100,000		

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Child and Adult Care Food Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: October 1, 2000 to September 30, 2001

Revenue

Contract revenue	\$	<u>91,894</u>
Total revenue		<u>91,894</u>

Expenditures:

Salaries		24,205
Fringe benefits		4,957
Other		370
Food purchases		<u>62,362</u>
Total expenditures		<u>91,894</u>

Excess revenue (expenditures)

Fund balance, October 1, 2000

Fund balance, September 30, 2001

\$

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Foster Grandparents Program
Contract No. 339W011/18
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Contract Period: January 1, 2001 to December 31, 2001

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 375,054	\$	\$ 375,054
Nonfederal share			
State revenue		25,655	25,655
Total revenue	375,054	25,655	400,709
Expenditures			
Personnel	71,910		71,910
Fringe benefits	9,000	2,047	11,047
Travel	1,125	946	2,071
Equipment	661	116	777
Supplies	679	102	781
Rent	3,144	3,000	6,144
Contractual	1,000	600	1,600
Communications	1,895	1,847	3,742
Total volunteer support expenses	89,414	8,658	98,072
Volunteer stipends	243,425	10,649	254,074
Volunteer travel	38,245	2,549	40,794
Volunteer recognition	1,397	1,400	2,797
Volunteer other	2,573	2,399	4,972
Total volunteer expenses	285,640	16,997	302,637
Total expenditures	375,054	25,655	400,709
Excess revenues (expenditures)			
Fund balance, January 1, 2001			
Fund balance, December 31, 2001	\$	\$	\$

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Retired Senior Volunteer Program
Contract No. 340W100/11
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Contract Period: July 1, 2000 to June 30, 2001

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 40,682		\$ 40,682
Nonfederal share			
State revenue		11,615	11,615
Total revenue	40,682	11,615	52,297
Expenditures			
Personnel	31,116	1,547	32,663
Fringe benefits	1,417	4,588	6,005
Travel	1,314	163	1,477
Audit		500	500
Equipment		49	49
Supplies	645	26	671
Space costs		3,000	3,000
Communications	175	834	1,009
Other	32		32
Total volunteer support expenses	34,699	10,707	45,406
Volunteer travel	4,279		4,279
Volunteer other	1,704	908	2,612
Total volunteer expenses	5,983	908	6,891
Total expenditures	40,682	11,615	52,297
Excess revenues (expenditures)			
Fund balance, July 1, 2000			
Fund balance, June 30, 2001	\$	\$	\$

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Emergency Food and Shelter Program
FEMA
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue:

Contract revenue	\$ 51,241
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Expenditures:

Administrative	890
Food and related supplies	610
Assistance	49,741

Total expenditures	51,241
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Excess revenue (expenditures)

Fund balance, January 1, 2001

Fund balance, December 31, 2001

\$

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Adult Education
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue:

Contract revenue	\$	43,897
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Expenditures:

Salaries		38,905
Fringe benefits		5,639
Supplies		1,964

Total expenditures		46,508
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Excess revenue (expenditures)		(2,611)
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Fund balance, January 1, 2001		2
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Fund balance, December 31, 2001	\$	(2,609)
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Emergency Shelter Grants Program
Ascension Parish
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue

Contract revenue	\$	10,822
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Total revenue		<u>10,822</u>
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Expenditures:

Administrative		520
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Operations		4,308
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Homeless prevention		438
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Total expenditures		<u>5,266</u>
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Excess revenues (expenditures)		5,556
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Fund balance, beginning January 1, 2001		<u>(6,314)</u>
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Fund balance, ending December 31, 2001	\$	<u><u>(758)</u></u>
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Emergency Shelter Grants Program
Tangipahoa Parish
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue

Contract revenue	\$ 29,820
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Expenditures:

Salaries	4,502
Fringe benefits	1,252
Assistance	24,066

Total expenditures	29,820
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Excess revenues (expenditures)

Fund balance, beginning January 1, 2001	_____
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Fund balance, ending December 31, 2001	\$ _____
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Emergency Shelter Grants Program
Livingston Parish
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue

Contract revenue	\$ 1,342
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Expenditures:

Salaries	800
Assistance	542

Total expenditures	1,342
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Excess revenues (expenditures)

Fund balance, beginning January 1, 2001	_____
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Fund balance, ending December 31, 2001	\$ _____
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Wrap Around Child Care Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Period: January 1, 2001 to December 31, 2001

Revenue:

Grant revenue	\$	36,771
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Expenditures:

Salaries		13,742
Fringe benefits		4,193
Other		16,931

Total expenditures		34,866
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Excess revenue (expenditures)		1,905
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Fund balance, January 1, 2001		
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Fund balance, December 31, 2001	\$	1,905
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Teen Pregnancy Prevention Program
Contract No. 565488
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: January 1, 2001 to December 31, 2001

Revenue:

Grant revenue	\$ 72,383
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Expenditures:

Salaries	18,585
Fringe benefits	2,560
Equipment Rental / Repair	17,349
Telephone	1,100
Space	6,600
Contractual	10,000
Other	16,189

Total expenditures	<u>72,383</u>
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Excess revenue (expenditures)

Fund balance, January 1, 2001

Fund balance, December 31, 2001

	\$ <u><u> </u></u>
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Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2001

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 11-30-01)	93.600	06CH0402/10	\$ 835,127
Head Start (Fy 11-30-02)	93.600	06CH0402/11	108,959
Passed through Louisiana Department of Labor Community Services Block Grant (Fy 9-30-01) Community Services Block Grant (Fy 12-31-01)	93.569 93.569	Unknown Unknown	836,300 272,809
Passed through Louisiana Department of Social Services Home Energy Assistance Program (Fy 6-30-01) Weatherization Assistance Program (Fy 6-30-01) Teen Pregnancy Prevention Program (Fy 12-31-01) Wrap Around Child Care Program (Fy 6-30-02)	93.568 93.568 93.558 93.561	565787 557467 565488 Unknown	768,113 139,363 72,383 34,866
Passed through Louisiana Housing Finance Agency Home Energy Assistance Program Weatherization Assistance Program (Fy 12-31-01) Temporary Assistance for Needy Families	93.568 93.568 93.568	Unknown Unknown Unknown	537,264 82,824 262,767
Total U.S. Department of Health and Human Services			<u>3,950,775</u>
<u>The Corporation For National Service</u>			
Direct Programs:			
Foster Grandparent Program (Fy 12-31-01) Retired Senior Volunteer Program (Fy 6-30-01) Retired Senior Volunteer Program (Fy 6-30-02)	94.011 94.002 94.002	339W011/18 340W100/11 340W100/12	375,054 22,554 19,560
Total Corporation For National Service			<u>417,168</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2001
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Urban Development</u>			
Passed through The Ascension Parish Council Emergency Shelter Grants Program	14.231	Unknown	\$ 5,266
Passed through Tanipahoa Parish Emergency Shelter Grants Program	14.231	Unknown	29,820
Passed through Livingston Parish Emergency Shelter Grants Program	14.231	Unknown	<u>1,342</u>
Total U.S. Department of Housing and Urban Development			<u>36,428</u>
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education Adult Education	84.002	Unknown	<u>43,897</u>
Total U.S. Department of Education			<u>43,897</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2001
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child Care Food Program (Fy 9-30-01)	10.558	Unknown	79,044
Child Care Food Program (Fy 9-30-02)	10.558	Unknown	20,617
Total U.S. Department of Agriculture			<u>99,661</u>
<u>Federal Emergency Management Agency</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA) (Fy 12-31-01)	83.523	Unknown	51,241
Total Federal Emergency Management Agency			<u>51,241</u>
Total federal expenditures			<u>\$ 4,599,170</u>

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

COOK & MOREHART

Certified Public Accountants

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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
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

We have audited the financial statements of Quad Area Community Action Agency, Inc. as of and for the year ended December 31, 2001, and have issued our report thereon dated May 24, 2002. 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 Quad Area 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 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 Quad Area 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 assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Quad Area 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 2001-B1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal

course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 a material weakness. We also noted other matters involving the internal control over financial reporting which we have reported to management of Quad Area Community Action Agency, Inc. in a separate management letter dated May 24, 2002.

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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
May 24, 2002

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
Quad Area Community Action Agency, Inc.
Monroe, Louisiana

Compliance

We have audited the compliance of Quad Area 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 December 31, 2001. Quad Area 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 Quad Area Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on Quad Area 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 Quad Area 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 Quad Area Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, Quad Area 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 December 31, 2001.

Internal Control Over Compliance

The management of Quad Area Community Action Agency, 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 Quad Area 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 the 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 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. We noted no matters involving 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
May 24, 2002

Quad Area Community Action Program, Inc.
Hammond, Louisiana

Summary Schedule of Prior Audit Findings
December 31, 2001

There were no findings or questioned costs in the audit for the year ended December 31, 2000.

Schedule of Findings and Questioned Costs
December 31, 2001

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Quad Area Community Action Agency, Inc.
2. One reportable condition is 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*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Quad Area Community Action Agency, Inc. were disclosed during the audit.
4. No reportable conditions 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 federal award programs for Quad Area Community Action Agency, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Quad Area 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, 2) Home Energy Assistance and Weatherization Programs CFDA# 93.568, 3) Community Services Block Grant CFDA# 93.569, and 4) Foster Grandparents Program CFDA# 94.011.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Quad Area Community Action Agency, Inc. qualifies as a low-risk auditee.

(Continued)

Quad Area Community Action Program, Inc.
Hammond, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2001
(Continued)

B. Findings – Financial Statements Audit:

2001-B1 - REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that the agency incurred operating losses of \$169,009. This created a cumulative operating net asset (deficit) of \$356,418 at December 31, 2001.

Cause: The operating net asset (deficit) is the result of the agency's operations not being properly budgeted within the existing programs being administered by the agency.

Recommendation: We recommend that the agency employ better budgeting practices to eliminate deficit spending in the future and that management and the Board of Directors meet on a periodic basis to monitor the agency's financial position and to formulate financial plans to eliminate the deficits.

Response: The agency has currently hired a Fiscal Officer and are in the process of hiring a CPA to ensure better budgeting practices to eliminate deficit spending in the future by formulating financial plans. In addition, the Finance Committee of the Board of Directors will meet every other month to review the financial status of the agency.

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2001 and 2000

There were no findings or questioned costs for the prior year audit for the year ended December 31, 2000. There were two management letter comments for the prior year audit for the year ended December 31, 2000. The current status of these comments is shown below.

Operating Deficit

See reportable condition 2001-B1 in the accompanying Schedule of Findings and Questioned Costs.

Credit Cards

Improvement was noted this year.

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2001 and 2000

There was one reportable condition for the current year audit for the year ended December 31, 2001, listed in the accompanying Schedule of Findings and Questioned Costs as item 2001-B1. Management's response is also shown there.

There were six management letter comments for the current year audit for the year ended December 31, 2001. Management's response to those comments is noted below.

(1) PAYROLL BANK ACCOUNT RECONCILIATIONS

Due to major illness in the accounting department, we were behind in reconciling the payroll bank account. Effective immediately, the Payroll Bank Account will be reconciled to date and on a regular monthly basis.

(2) LEASE PAYMENTS

We will establish a central file containing copies of all lease agreements in effect, as well as a summary breakdown of the distribution of the lease charges to the general ledgers.

(3) INTERFUND LOANS

At the beginning of the program year for CSBG, the agency encountered a cash flow problem for the months of October, November, and December because the State of Louisiana changed our fiscal year. We do not anticipate borrowing funds in the future.

(4) TRAVEL ADVANCES

We do have a travel advance form in place. Steps have been taken to assure that the advances are promptly reconciled upon return from travel.

(5) PAYROLL TAX REPORTS

The quarterly payroll tax report will be reconciled to the agency's general ledgers each quarter. The reconciliation will be confirmed by notations in the reports.

(6) FINANCIAL MONITORING

The general ledgers and financials statements are currently being prepared on a monthly basis and are presently up to date.

COOK & MOREHART

Certified Public Accountants

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Management Letter

May 24, 2002

Winnie Sibley, Executive Director
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

We have audited the financial statements of Quad Area Community Action Agency, Inc., for the year ended December 31, 2001, and have issued our report thereon dated May 24, 2002. In planning and performing our audit of the financial statements 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 we noted certain matters involving the internal control over financial reporting that are presented for your consideration. These comments and recommendations have been discussed with the appropriate members of management.

(1) PAYROLL BANK ACCOUNT RECONCILIATIONS

During our audit, we noted that the agency was several months behind in preparing monthly bank reconciliations on the payroll account.

We recommend that the payroll bank account be reconciled on a monthly basis.

(2) LEASE PAYMENTS

The agency was unable to provide us with a complete listing and copies of all leases in effect during the audit period, nor the programs and account numbers to which lease payments were charged in the general ledger.

We recommend that the agency establish a central file containing copies of all lease agreements in effect, as well as the distribution of the lease charges to the general ledgers.

(3) INTERFUND LOANS

During our audit, we noted that, due to cash flow problems of the agency, certain programs advanced money to other programs to operate during the year. Funds in certain grants / programs are restricted for use within those programs and should not be advanced to other programs.

This situation should be considered as part of the financial monitoring and analysis of the agency as a whole, described in the Reportable Condition in the Schedule of Findings and Questioned Costs for the year ended December 31, 2001.

(4) TRAVEL ADVANCES

During our audit, we selected several travel advances for testing. We noted that the agency does not have a standard travel form for requesting travel advances.

We recommend that the agency utilize a standard travel form for employees requesting travel advances which details dates of travel and expenses being advanced. All travel advances should also be promptly reconciled upon return from travel.

(5) PAYROLL TAX REPORTS

During our audit, we noted that the salaries reported on the agency's 941 quarterly payroll tax reports were not being reconciled to the salaries reported on the agency's general ledgers.

We recommend that the amounts reported on the payroll tax reports be reconciled to the agency's general ledgers each quarter.

(6) FINANCIAL MONITORING

During our audit, we noted that the agency was not producing general ledgers or financial statements on a monthly basis during 2001 or 2002 to date.

We recommend that the agency produce general ledgers and financial statements on a monthly basis to allow for a proper monitoring of the financial condition of the various programs.

We express our sincere thanks to the personnel of Quad Area Community Action Agency, Inc., for the cooperation and assistance provided us during our examination. We are available to provide you assistance and consultation in the implementation of the above recommendations. This letter is furnished solely for the use of management and is not to be used for any other purpose.



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