

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2010

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

Release Date 2/23/11

L.A. CHAMPAGNE & Co. LLP
Certified Public Accountants

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**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
INTRODUCTION AND SUMMARY
June 30, 2010 and 2009**

INTRODUCTION

The Agency received federal funds under Department of Health and Human Services entitlements III-B, III C-1, III C-2, III-D, III-E of the Older Americans Act of 2000, as amended, and the Nutritional Services Incentive Program (N.S.I.P.). Other funds were received from the State of Louisiana under the Louisiana Senior Rx, Elderly Protective Services, and Single Point of Entry Programs. Funding was also provided by United Way, Entergy's Project Care and Helping Hand programs and other private grantors.

SUMMARY

During the periods ended June 30, 2010 and 2009, the Agency received \$4,774,612 and \$4,012,197, respectively, to fund administrative costs and programs serving older citizens. Funding is summarized as follows:

	<u>2010</u>	<u>2009</u>
Governor's Office of Elderly Affairs, State of Louisiana	\$ 3,314,474	\$ 2,927,401
Louisiana Department of Health and Hospitals	663,249	427,364
Entergy - Project Care/Helping Hands	55,835	79,719
United Way	144,006	176,148
Participant contributions	924	771
Interest income	1,789	3,041
Other	594,335	397,753
	<u>\$ 4,774,612</u>	<u>\$ 4,012,197</u>

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

We have audited the accompanying statements of financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2010 and 2009, and the related statements of cash flows for the years then ended and the statements of activities and functional expenses for the year ended June 30, 2010. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information shown in the statements of activities and functional expenses has been derived from the Agency's 2009 financial statements, and in our report dated November 3, 2009 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2010 and 2009 and its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2010 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, 2010, on our consideration of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Continued...

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Capital Area Agency on Aging - District II, Inc., taken as a whole. The accompanying supplemental information description of programs pages 15 through 17, the detailed schedule of program activities page 18 and the schedule of changes in fixed assets page 19 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements. Also, the accompanying supplemental schedule of expenditures of federal awards on page 20 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 financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


November 2, 2010

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
STATEMENTS OF FINANCIAL POSITION**

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 224,097	\$ 317,898
Receivables on funding contracts	184,448	82,577
Due from subcontractors	196,054	150,397
Prepaid expenses	10,004	1,620
	<u>614,603</u>	<u>552,492</u>
 FIXED ASSETS		
Computer and related equipment	52,462	53,467
Office equipment	33,430	17,142
Furniture and fixtures	3,421	3,421
	<u>89,313</u>	<u>74,030</u>
Less accumulated depreciation	41,571	36,278
	<u>47,742</u>	<u>37,752</u>
	<u>\$ 662,345</u>	<u>\$ 590,244</u>
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 195,632	\$ 195,980
Due to subcontractors	164,560	141,520
Accrued compensated absences	33,120	26,317
	<u>393,312</u>	<u>363,817</u>
 NET ASSETS		
Unrestricted	106,535	91,229
Temporarily restricted	162,498	135,198
	<u>269,033</u>	<u>226,427</u>
	<u>\$ 662,345</u>	<u>\$ 590,244</u>

See accompanying notes

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENT OF ACTIVITIES

Year ended June 30, 2010

(With comparative totals for the year ended June 30, 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Governor's Office of Elderly Affairs	\$ -	\$ 3,314,474	\$ 3,314,474	\$ 2,927,401
Department of Health and Hospitals	-	663,249	663,249	427,364
Capital Area United Way	-	144,006	144,006	176,148
Entergy (Project Care/Helping Hands)	-	55,835	55,835	79,719
Participant Contributions	-	924	924	771
Local Support - Title IIIC-1/ IIIC-2 Meals	-	543,210	543,210	354,119
Other Support and Revenues	51,125	-	51,125	43,634
Interest Income	1,789	-	1,789	3,041
	<u>52,914</u>	<u>4,721,698</u>	<u>4,774,612</u>	<u>4,012,197</u>
Net assets released from restrictions	4,694,398	(4,694,398)	-	-
	<u>4,747,312</u>	<u>27,300</u>	<u>4,774,612</u>	<u>4,012,197</u>
EXPENSES				
Grants and allocations	1,381,369	-	1,381,369	1,367,960
Functional expenses:				
Program services				
Title III-C-1 Congregate Meals	456,698	-	456,698	426,460
Title III-C-2 Home Delivered Meals	1,352,503	-	1,352,503	1,182,363
Title III-D Preventive Health	5,049	-	5,049	5,120
Community Living Program	99,759	-	99,759	-
Alzheimer's Disease Support Program	60,833	-	60,833	-
ADRC/SenioRx	240,466	-	240,466	242,652
Disaster Assistance - Other	-	-	-	264
DHH Single Point of Entry	594,652	-	594,652	358,093
Medicare Enrollment Assistance Program	10,470	-	10,470	-
CMS Research Demonstration & Evaluation	6,993	-	6,993	-
Elderly Protective Services	192,314	-	192,314	202,403
Total program services	<u>3,019,737</u>	<u>-</u>	<u>3,019,737</u>	<u>2,417,355</u>
Fundraising	8,846	-	8,846	7,551
Management and general	322,054	-	322,054	313,706
Total functional expenses	<u>3,350,637</u>	<u>-</u>	<u>3,350,637</u>	<u>2,738,612</u>
Total expenses	<u>4,732,006</u>	<u>-</u>	<u>4,732,006</u>	<u>4,106,572</u>
Change in net assets	15,306	27,300	42,606	(94,375)
Net assets - beginning of year	91,229	135,198	226,427	320,802
Net assets - end of year	<u>\$ 106,535</u>	<u>\$ 162,498</u>	<u>\$ 269,033</u>	<u>\$ 226,427</u>

See accompanying notes

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2010

(With comparative totals for the year ended June 30, 2009)

	Title III-C-1 Congregate Meals	Title III-C-2 Home Delivered Meals	Title III-D Preventive Health	Community Living Program	Alzheimer's Disease Self Management	Medicare Enrollment Assistance Program - MIPPA
Catered meals	\$ 456,698	\$ 1,352,503	\$ -	\$ 461	\$ -	\$ -
Catered meals - disaster assistance	-	-	-	-	-	-
Other disaster assistance	-	-	-	-	-	-
Salaries	-	-	4,400	37,263	-	-
Payroll taxes	-	-	351	3,065	-	-
Benefits	-	-	249	2,696	-	-
Travel	-	-	-	646	-	615
Advertising	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-
Equipment maintenance	-	-	-	-	-	47
Equipment rental	-	-	-	-	-	-
Postage and shipping	-	-	-	-	-	-
Printing and publications	-	-	-	-	-	3,904
Occupancy	-	-	-	-	-	-
Telephone	-	-	-	641	-	121
Software licensing	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Office supplies	-	-	-	2,403	-	1,437
Conference and training	-	-	-	-	-	105
Other contractual services	-	-	-	51,762	60,833	4,138
Accounting	-	-	-	787	-	-
Depreciation	-	-	-	35	-	103
Miscellaneous expense	-	-	-	-	-	-
Materials - III-D	-	-	49	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-
	<u>\$ 456,698</u>	<u>\$ 1,352,503</u>	<u>\$ 5,049</u>	<u>\$ 99,759</u>	<u>\$ 60,833</u>	<u>\$ 10,470</u>

See accompanying notes

FY 2010

FY 2009

CMS Research Demonstrations & Evaluations MIPPA	Aging and Disability Resource Center/SRx	DHH Single Point of Entry (SPOE)	Elderly Protective Services	Total Program Services	Fundraising	Management and General	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,809,662	\$ -	\$ -	\$ 1,809,662	\$ 1,608,823
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	264
-	161,541	394,472	115,364	713,040	-	212,003	925,043	686,343
-	12,846	31,675	9,749	57,686	-	16,500	74,186	54,322
-	14,239	46,038	17,024	80,246	-	22,593	102,839	77,727
410	3,265	15,021	28,768	48,725	-	10,466	59,191	46,696
-	3,300	2,580	-	5,880	-	10	5,890	7,952
-	284	553	-	837	-	1,094	1,931	1,223
32	1,127	106	440	1,752	-	732	2,484	3,174
-	21	4,471	-	4,492	-	-	4,492	3,942
-	534	6,191	107	6,832	-	875	7,707	9,410
2,607	3,386	9,089	174	19,160	-	1,154	20,314	5,387
-	17,492	19,616	7,400	44,508	-	18,177	62,685	59,229
81	4,026	13,495	5,521	23,885	-	3,195	27,080	23,743
-	2,912	711	-	3,623	-	3,931	7,554	8,956
-	2,100	2,074	975	5,149	-	1,543	6,692	6,242
960	5,890	9,425	1,507	21,622	-	4,066	25,688	25,115
70	935	1,582	-	2,692	-	2,784	5,476	5,492
2,764	802	27,844	652	148,795	-	5,019	153,814	67,733
-	2,475	4,125	1,375	8,762	-	5,538	14,300	13,200
69	3,116	5,584	374	9,281	-	1,849	11,130	10,723
-	175	-	2,884	3,059	8,846	10,154	22,059	12,543
-	-	-	-	49	-	-	49	120
-	-	-	-	-	-	371	371	253
<u>\$ 6,993</u>	<u>\$ 240,466</u>	<u>\$ 594,652</u>	<u>\$ 192,314</u>	<u>\$ 3,019,737</u>	<u>\$ 8,846</u>	<u>\$ 322,054</u>	<u>\$ 3,350,637</u>	<u>\$ 2,738,612</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,606	\$ (94,375)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,130	10,723
Loss on disposition of fixed assets	371	253
Decrease (increase) in:		
Receivables on funding contracts	(101,871)	(37,959)
Receivables from subcontractors	(45,657)	7,430
Prepaid expenses	(8,384)	11,548
Increase (decrease) in:		
Accounts payable and accrued expenses	(348)	24,162
Payables to subcontractors	23,040	19,523
Accrued compensated absences	6,802	2,514
Contract advances	-	(155,316)
Deferred revenue	-	(8,950)
Net cash used in operating activities	(72,311)	(220,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(21,490)	(8,507)
Net cash used in investing activities	(21,490)	(8,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by financing activities	-	-
NET DECREASE IN CASH	(93,801)	(228,954)
Cash - beginning of year	317,898	546,852
Cash - end of year	\$ 224,097	\$ 317,898

See accompanying notes

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and reporting entity

Capital Area Agency on Aging-District II, Inc. (the Agency) is a non-profit entity incorporated in 1974 to ensure the availability of supportive, nutrition, and volunteer services to people aged 60 and older in the ten parishes surrounding the Baton Rouge capital area. Elderly protective services are provided in five surrounding parishes. It also serves as an advocate and provides leadership on behalf of the elderly. The Agency coordinates funding to the parish councils on aging and monitors their providing of services to older citizens.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. At present, the Agency does not have any permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition

Contributions, grants and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for the future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Fixed assets and depreciation

Fixed assets are carried at cost less accumulated depreciation. The assets are depreciated for financial reporting purposes using the straight-line method over estimated useful lives of five to ten years.

Donated services

No amounts have been reflected in the financial statements for donated services. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with its various program activities.

Cash

For the purpose of the statement of cash flows, the Agency considers all short-term savings to be cash.

Under the requirements of its grant funding from the State of Louisiana, the Agency must collateralize cash balances held in financial institutions that are in excess of federal deposit insurance. Such deposits are collateralized under a security pledge arrangement with the financial institution that meets the requirements of state law.

Functional expenses

Virtually all expenses are charged directly to their functional class. Other expenses are allocated between program, fundraising and management and general based upon management's estimates.

Budget policy

Budgets for the various programs are prepared by the Agency's Executive Director and approved by the Agency's Board of Directors and program grantors. Appropriations from the Governor's Office of Elderly Affairs under Federal Title III lapse at year end. Title IV and other federal appropriations lapse at the federal fiscal year end. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Agency may transfer funds between budgetary line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs with respect to funds received under contracts from that agency.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and bad debts

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

Annual and sick leave

Employees of the Agency are entitled to paid vacation, depending on the length of service. The Agency has recorded a liability for the unused vacation attributable to all eligible employees at the employee's current rate of pay. Because accrued sick leave lapses upon termination no amount has been accrued.

Advertising costs

The Agency expenses advertising costs as incurred.

Income tax status

The Agency, a nonprofit corporation, is exempt from federal income taxes under section 501(C)(3) of the Internal Revenue Code.

Capital Area Agency on Aging, District II applies the standards in FASB ASC 740-10 in accounting for uncertainly in income taxes. Capital Area Agency on Aging, District II files a United States return of organization exempt from income tax. The Agency's returns for 2006, 2007, 2008, and 2009 are subject to examination by the Internal Revenue Service.

Comparative financial information

The statement of activities and statement of functional expenses include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

B: RECEIVABLES ON FUNDING CONTRACTS

Receivables on funding contracts at June 30, 2010 and 2009, consist of the following:

	2010	2009
Governor's Office of Elderly Affairs:	\$	\$
Title III-B Supportive Services	4,136	-
Medicare Enrollment Assistance Program	9,511	-
Alzheimers Disease Demonstration Grants	74,247	-
Department of Health and Hospitals		
Single Point of Entry	96,554	82,577
	\$ <u>184,448</u>	\$ <u>82,577</u>

C: BOARD OF DIRECTORS' COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses. These reimbursements amounted to \$2,430 in 2010 and \$2,535 in 2009.

D: PENSION AND DEFERRED COMPENSATION PLANS

The agency administers a defined contribution pension plan covering all employees with one year or more of service. Employer contributions amounting to 5% of an employee's salary are made annually and benefits are fully and immediately vested. Pension expense of \$27,586 and \$21,039 including administrative charges, is reported in fringe benefits for 2010 and 2009, respectively. Plan benefits are funded through group annuity contracts that are valued at \$200,616 as of December 31, 2009.

The Agency maintains a voluntary salary reduction tax deferred compensation plan for employees electing to participate. The Agency does not make any contributions to this plan administered by Mutual of America.

E: LEASE COMMITMENTS

The Agency is currently obligated under two operating lease agreements for its area office located in Baton Rouge, Louisiana and its Elderly Protective Services office located in Hammond, Louisiana.

Effective January 1, 2008, the Agency entered into a long term lease arrangement expiring December 31, 2011 with monthly rentals starting at \$3,560 per month and increasing annually during the lease term. Future minimum lease payments for the area office are as follows:

<u>Year Ended</u>	<u>Amount</u>
06/30/11	\$ 57,013
06/30/12	28,885
	<u>\$ 85,898</u>

The lease for the Elderly Protective Services office was renewed effective July 1, 2008, for a one year term expiring June 30, 2009 with monthly rentals of \$800. The rental arrangement was terminated effective August 15, 2009.

A new three year lease for the Hammond facility with monthly rentals of \$1,100 commenced on November 1, 2009. The Elderly Protective Services program was terminated April 30, 2010 and this lease agreement was cancelled effective that date.

Lease expense was \$62,685 and \$58,859 for the years ended 2010 and 2009, respectively.

F: INTER-PROGRAM TRANSFERS

Transfers in and out are listed by program type for the year ended June 30, 2010:

Transfers In For:	Transfers Out From:					
	United Way	N.S.I.P.	ARRA	MIPPA	Other Restricted	Total Transfers In
Area Agency Administration	\$ 48,199	\$ -	\$ -	\$ 6,216	\$ -	\$ 54,415
Title III C-1	-	78,682	55,613	-	2,107	136,402
Title III C-2	90,724	308,060	27,379	-	-	426,163
Elderly Protective Services	-	-	-	-	52,325	52,325
SPOE	-	-	-	-	70,202	70,202
Total Transfers Out	<u>\$ 138,923</u>	<u>\$ 386,742</u>	<u>\$ 82,992</u>	<u>\$ 6,216</u>	<u>\$ 124,634</u>	<u>\$ 739,507</u>

G: ECONOMIC DEPENDENCY

The Agency receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and Louisiana state governments. If significant budget cuts are made at the federal and/or state level, the Agency's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Agency funding sources that will adversely affect operations in the next fiscal year.

H: FEDERALLY ASSISTED PROGRAMS - COMPLIANCE CONTINGENCIES

Federal and State assistance programs represent an important source of funding for the Agency. These programs are audited annually in accordance with the "Single Audit Act". Prior audits have not resulted in any significant disallowed costs; however, grantor agencies may conduct or require further examinations. Based upon prior experience, Agency management believes that further examination would not result in any significant disallowed costs.

I: SUBCONTRACTOR AUDITS

All council on aging subcontractors and certain other entities receiving funding from the Agency are responsible for having an independent audit performed in accordance with Government auditing standards and, additionally, in accordance with the "Single Audit Act" if federal expenditures exceed specified thresholds.

J: CONTINGENCIES

The Agency was party to a lawsuit asking for unspecified damages relating to alleged identity theft by an employee. The matter was referred to the Agency's insurer. A negotiated settlement required a \$5,000 payment from the Agency for the policy deductible which was charged to fiscal 2010 operations.

K: CONCENTRATIONS OF CREDIT RISK

Capital Area Agency on Aging, District II, deposits its cash in financial institutions located in Baton Rouge, Louisiana and at times account balances may exceed federally insured limits.

L: NON CASH INVESTING AND FINANCING ACTIVITIES

There were no non cash investing and financing activities in fiscal 2010.

M: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 2, 2010, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

DESCRIPTION OF PROGRAMS

Title III C-1 Area Agency Administration (AAA)

The Title III C-1 Area Agency Administration (AAA) Program accounts for the administration of the services provided to the elderly. Title III C-1 AAA funds are provided by the U.S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. These funds are used to pay the costs of administering programs.

Title III-B Program

The Title III-B Program is used to account for the support services, which include access services, in-home services, community services, and transportation for the elderly. Title III-B funds are provided by the U. S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging, which "passes through" the funds to the various service providers.

Title III C-1 Program

The Title III C-1 Program accounts for the revenues and expenditures of federal and state grants for congregate meals for the elderly in strategically located centers. These funds are provided in the same manner as Title III-B above.

Title III C-2 Program

Title III C-2 funds are used to provide nutritional meals to home-bound older persons. These funds are provided in the same manner as Title III-B above.

Title III-D Program

The Title III-D Program is used to account for funds used to provide disease prevention and health promotion services. This includes wellness activities and medication management services. These funds are provided in the same manner as Title III-B above. A portion of the medication management services is provided directly by the Agency through medication management seminars.

Title III-E Program

The Title III-E Program is used to account for funds which are used to provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, material aid, personal care services and sitter services. These funds are provided in the same manner as Title III-B above.

Regional Office of LA SenioRx and Aging and Disability Information Station (ADRC)

The Agency is designated by the Governor's Office of Elderly Affairs as the Aging and Disability Resource Center (ADRC) for a 13-parish area. The ADRC offers a "one-stop-shop" for public and private programs at the community level that will help individuals who are 60 years and older and individuals with adult onset disabilities. This program helps consumers find the answers and information needed to improve their health, independence and quality of life. The Louisiana

Senior Prescription Drug Program operating through the ADRC links qualified low-income and disabled adults to free or discounted drugs direct from the pharmaceutical manufacturer.

Single Point of Entry Program

The Single Point of Entry Program (SPOE) funded on a cost reimbursement basis, through the Louisiana Department of Health and Hospitals is a pilot program to develop a model for a streamlined access system for applicants of home, community based and facility based services administered by the Department's Office of Aging and Adult Services.

N.S.I.P. Program

The Nutritional Services Incentive Program (N.S.I.P.) administered by the U.S. Department of Health and Human Service is used to account for the administration of Food Distribution Program funds, through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. This program reimburses the area agencies on a per unit basis for each congregate and home delivered meal served to an eligible participant so that U.S. food and commodities may be purchased to supplement these programs.

United Way Program

The United Way Program is used to account for funds received from the Capital Area and other United Way organizations to supplement administrative costs, the home-delivered meals program and a Personal Care Program.

Utility Relief Program

The Utility Relief Program is used to account for the administration of programs sponsored by local utility companies who collect contributions from service customers and employees. These contributions and the utility companies' corporate donations are remitted to the Agency which "passes through" the funds to the various councils to provide assistance to the elderly with emergencies in the payment of energy costs.

Elderly Protective Services Program

The Elderly Protective Services Program is used to account for the administration and support of the program to protect individuals sixty years of age or older who cannot physically or mentally protect themselves. The program also serves those who are harmed or threatened with harm through action or inaction by themselves or by individuals responsible for their care or by other parties.

Alzheimer's Disease Demonstration Grants to States

The Alzheimer's Disease Demonstration Grants to States program is used to assist states improving the responsiveness of the existing home and community based care systems for persons with Alzheimer's disease and their families.

Medicare Enrollment Assistance Program

The Medicare Enrollment Assistance Program is used to provide outreach to eligible Medicare beneficiaries regarding the benefits available under federal and state programs for older Americans.

Centers for Medicare and Medicaid Services

The Centers for Medicare and Medicaid Services Program is used to conduct research, demonstrations, and evaluations for high-quality health care at a reasonable cost. The program will focus on expanding agency efforts to improve the efficiency of payment, delivery, access and quality of our health care programs.

Other Programs

Other grants and contributions may be used to support various programs as the need arises.

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
DETAILED SCHEDULE OF PROGRAM ACTIVITIES
For the year ended June 30, 2010

	UNRESTRICTED		TEMPORARILY RESTRICTED					SENIOR/ ADRC	ARRA STIMULUS CONGREGATE
	LOCAL	TITLE # C-1 AAA	TITLE #B	TITLE #C-1	TITLE #C-2	TITLE #D	TITLE #E		
SUPPORT AND REVENUE									
Governmental:									
Federal grants passed through State of Louisiana									
Governor's Office of Elderly Affairs	\$ -	\$ 130,878	\$ 377,346	\$ 368,139	\$ 249,642	\$ 27,596	\$ 155,180	\$ -	\$ 55,613
Department of Insurance	-	-	-	-	-	-	-	13,348	-
State of Louisiana									
Governor's Office of Elderly Affairs	-	43,626	207,195	131,886	408,344	-	51,727	226,571	-
Department of Health and Hospitals	-	-	-	-	-	-	-	-	-
Other support:									
Entergy - Project Care	-	-	-	-	-	-	-	-	-
Helping Hands	-	-	-	-	-	-	-	-	-
Capital Area United Way	-	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	924	-	-
Annual Fund Raisers	38,240	-	-	-	-	-	-	-	-
Other	10,760	-	-	42,993	500,217	-	-	-	-
Interest	1,789	-	-	-	-	-	-	-	-
	<u>50,789</u>	<u>174,504</u>	<u>584,541</u>	<u>543,018</u>	<u>1,158,203</u>	<u>27,596</u>	<u>207,831</u>	<u>239,919</u>	<u>55,613</u>
EXPENSES									
Administration:									
Salaries	-	207,252	-	-	-	4,400	-	158,910	-
Payroll tax and fringe benefits	-	39,093	-	-	-	600	-	27,085	-
Travel	111	10,355	-	-	-	-	-	3,265	-
Operating services	-	30,710	-	-	-	-	-	35,181	-
Operating supplies	-	4,066	-	-	-	-	-	5,890	-
Professional services	-	4,861	-	-	-	-	-	3,278	-
Other costs	21,700	2,784	-	-	-	49	-	1,110	-
Capital Outlay	3,209	-	-	-	-	-	-	5,200	-
	<u>25,020</u>	<u>299,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,049</u>	<u>-</u>	<u>239,919</u>	<u>-</u>
CATERED MEALS - MEALS PROGRAM									
Raw food	-	-	-	180,655	431,476	-	-	-	-
Labor and non-edibles	-	-	-	276,043	921,027	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,698</u>	<u>1,352,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contracted social services:									
Alzheimer's Services of Capital Area	-	-	-	-	-	-	14,568	-	-
Acuman Fiscal Agents	-	-	-	-	-	-	-	-	-
Ascension Council on Aging, Inc.	-	-	51,235	18,708	17,221	2,336	3,000	-	-
Assumption Council on Aging, Inc.	-	-	48,843	24,366	12,218	1,578	3,000	-	-
Capital Area Legal Services, Inc.	-	-	12,982	-	-	-	-	-	-
East Baton Rouge Council on Aging, Inc.	-	-	-	-	-	-	-	-	-
E. Feliciana Council on Aging, Inc.	-	-	48,412	17,722	35,230	1,576	750	-	-
Gulf Coast Family Teaching, Inc.	-	-	-	-	-	-	163,642	-	-
Iberville Council on Aging, Inc.	-	-	62,195	29,109	23,026	1,598	540	-	-
Pointe Coupee Council on Aging, Inc.	-	-	59,572	39,455	4,543	2,172	3,000	-	-
St. Helena Council on Aging, Inc.	-	-	31,931	5,412	24,196	1,139	882	-	-
Southeast La. Legal Services Corp.	-	-	10,747	-	-	-	-	-	-
Tangipahoa Council on Aging, Inc.	-	-	117,324	53,700	51,416	5,841	1,200	-	-
Washington Council on Aging, Inc.	-	-	82,179	14,550	44,942	3,379	16,199	-	-
W. B. R. Council on Aging, Inc.	-	-	34,137	10,810	4,422	1,882	1,050	-	-
W. Feliciana Council on Aging, Inc.	-	-	24,984	8,890	14,650	1,046	-	-	-
	<u>-</u>	<u>-</u>	<u>584,541</u>	<u>222,722</u>	<u>231,864</u>	<u>22,547</u>	<u>207,831</u>	<u>-</u>	<u>-</u>
Total expenses	<u>25,020</u>	<u>299,121</u>	<u>584,541</u>	<u>679,420</u>	<u>1,584,367</u>	<u>27,596</u>	<u>207,831</u>	<u>239,919</u>	<u>-</u>
Change in net assets before interfund transfers	25,769	(124,617)	-	(136,402)	(426,164)	-	-	-	55,613
OTHER FINANCING SOURCES (USES):									
Operating transfers in	-	124,617	-	136,402	426,164	-	-	-	-
Operating transfers out	(54,432)	-	-	-	-	-	-	-	(55,613)
	<u>(54,432)</u>	<u>124,617</u>	<u>-</u>	<u>136,402</u>	<u>426,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,613)</u>
Change in net assets	(28,663)	-	-	-	-	-	-	-	-
NET ASSETS									
Beginning of year	107,046	-	-	-	-	-	-	-	-
End of year	<u>\$ 78,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Per instructions from OEA this schedule is prepared without consideration of compensated absences and reports capital outlay in lieu of depreciation

ARRA STIMULUS HOME DEL'D	Community Living Program	Alzheimer's Disease Support Program	Medicare Enrollment Assistance Prog	CMS Research Demonstrations and Evaluations	DHH SINGLE POINT OF ENTRY	NSIP	AUDIT	ELDERLY PROTECTIVE	UNITED WAY	UTILITY RELIEF	OTHER	TOTAL
\$ 27,379	\$ 121,528	\$ 85,502	\$ 19,697	\$ 6,391	\$ -	\$ 456,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,081,191
-	-	-	-	-	-	-	-	-	-	-	-	13,348
-	-	-	-	-	663,249	-	6,372	144,214	-	-	-	1,219,935
-	-	-	-	-	-	-	-	-	-	-	-	663,249
-	-	-	-	-	-	-	-	-	-	30,418	-	30,418
-	-	-	-	-	-	-	-	-	-	25,417	-	25,417
-	-	-	-	-	-	-	-	-	144,000	-	-	144,000
-	-	-	-	-	-	-	-	-	-	-	-	924
-	-	-	-	-	-	-	-	-	-	-	-	38,240
-	-	-	-	-	-	-	-	-	6	-	2,125	556,101
-	-	-	-	-	-	-	-	-	-	-	-	1,789
<u>27,379</u>	<u>121,528</u>	<u>85,502</u>	<u>19,697</u>	<u>6,391</u>	<u>663,249</u>	<u>456,300</u>	<u>6,372</u>	<u>144,214</u>	<u>144,006</u>	<u>55,835</u>	<u>2,125</u>	<u>4,774,612</u>
-	37,263	-	-	-	390,452	-	-	119,963	-	-	-	918,240
-	5,761	-	-	-	77,713	-	-	26,773	-	-	-	177,025
-	646	-	1,025	-	15,020	-	-	28,768	-	-	-	59,190
-	641	-	2,907	3,884	58,886	-	-	14,617	-	-	-	146,826
-	2,403	-	2,397	-	9,424	-	-	1,507	-	-	-	25,687
-	900	-	-	-	31,969	-	1,684	1,937	-	-	-	44,629
-	51,650	60,833	6,620	458	1,583	-	-	2,974	-	-	1,312	151,073
-	2,500	-	2,581	-	8,000	-	-	-	-	-	-	21,490
-	<u>101,764</u>	<u>60,833</u>	<u>15,530</u>	<u>4,342</u>	<u>593,047</u>	-	<u>1,684</u>	<u>196,539</u>	-	-	<u>1,312</u>	<u>1,544,160</u>
-	461	-	-	-	-	-	-	-	-	-	-	612,592
-	<u>481</u>	-	-	-	-	-	-	-	-	-	-	<u>1,197,070</u>
-	-	-	-	-	-	-	-	-	-	-	-	<u>1,809,662</u>
-	-	8,653	-	-	-	-	-	-	-	-	-	23,221
-	-	1,551	-	-	-	-	496	-	-	14,910	-	109,457
-	-	-	-	-	-	-	335	-	-	3,313	-	93,853
-	-	-	-	-	-	-	-	-	-	-	-	12,982
-	1,523	2,336	-	-	-	-	-	-	-	-	-	3,859
-	-	-	-	-	-	-	334	-	-	3,285	-	107,309
-	17,780	12,129	-	-	-	-	-	-	-	-	-	193,551
-	-	-	-	-	-	-	510	-	-	7,456	-	124,434
-	-	-	-	-	-	-	461	-	7,369	3,407	-	119,979
-	-	-	-	-	-	-	279	-	-	3,011	-	66,850
-	-	-	-	-	-	-	-	-	-	-	-	10,747
-	-	-	-	-	-	-	1,097	-	-	10,038	-	240,616
-	-	-	-	-	-	-	717	-	-	2,811	-	164,777
-	-	-	-	-	-	-	219	-	-	6,509	-	59,029
-	-	-	-	-	-	-	240	-	-	1,095	-	50,905
-	<u>19,303</u>	<u>24,669</u>	-	-	-	-	<u>4,688</u>	-	<u>7,369</u>	<u>55,835</u>	-	<u>1,381,369</u>
-	<u>121,528</u>	<u>85,502</u>	<u>15,530</u>	<u>4,342</u>	<u>593,047</u>	-	<u>6,372</u>	<u>196,539</u>	<u>7,369</u>	<u>55,835</u>	<u>1,312</u>	<u>4,735,191</u>
<u>27,379</u>	-	-	<u>4,167</u>	<u>2,049</u>	<u>70,202</u>	<u>456,300</u>	-	<u>(52,325)</u>	<u>136,637</u>	-	<u>813</u>	<u>39,421</u>
-	-	-	-	-	-	-	-	<u>52,325</u>	-	-	-	<u>739,508</u>
<u>(27,379)</u>	-	-	-	<u>(6,216)</u>	<u>(70,202)</u>	<u>(386,743)</u>	-	-	<u>(138,923)</u>	-	-	<u>(739,508)</u>
<u>(27,379)</u>	-	-	-	<u>(6,216)</u>	<u>(70,202)</u>	<u>(386,743)</u>	-	<u>52,325</u>	<u>(138,923)</u>	-	-	-
-	-	-	<u>4,167</u>	<u>(4,167)</u>	-	<u>69,557</u>	-	<u>(2,286)</u>	-	-	<u>813</u>	<u>39,421</u>
-	-	-	-	-	-	<u>37,299</u>	-	-	<u>40,590</u>	-	<u>30,056</u>	<u>214,991</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,167</u>	<u>\$ (4,167)</u>	<u>\$ -</u>	<u>\$ 106,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,304</u>	<u>\$ -</u>	<u>\$ 30,869</u>	<u>\$ 254,412</u>

expense

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF CHANGES IN FIXED ASSETS
June 30, 2010**

	Balance June 30, 2009	Reclass- ifications	Additions	Deletions	Balance June 30, 2010
FIXED ASSETS					
Computer and related equipment	\$ 53,467	\$ -	2,581	3,586	\$ 52,462
Office equipment	17,142	-	18,909	2,621	33,430
Furniture and fixtures	3,421	-	-	-	3,421
TOTAL FIXED ASSETS	<u>74,030</u>	<u>-</u>	<u>21,490</u>	<u>6,207</u>	<u>89,313</u>

	\$	\$	\$	\$	\$
INVESTMENT IN FIXED ASSETS					
Title III C-1 Area Agency Administration	3,421	-	-	-	3,421
State Adult Protective Services	1,818	-	-	-	1,818
Title III-E National Caregiver Support Louisiana ADRC/Senior Rx	1,997	-	-	1,997	-
Title IV - Aging and Disability Resource Center	1,676	-	5,200	-	6,876
DHH Single Point of Entry (SPOE)	20,848	-	-	-	20,848
Community Living Program	27,366	-	8,000	-	35,366
Medicare Enrollment Assistance Program	-	-	2,500	-	2,500
Local	-	-	2,581	-	2,581
TOTAL INVESTMENT IN FIXED ASSETS	<u>16,904</u>	<u>-</u>	<u>3,209</u>	<u>4,210</u>	<u>15,903</u>
	<u>\$ 74,030</u>	<u>\$ -</u>	<u>\$ 21,490</u>	<u>\$ 6,207</u>	<u>\$ 89,313</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Louisiana Governor's Office Of Elderly Affairs:				
Special Programs for the Aging:				
Title III, Part B Supportive Services	93.044	\$ 377,346	\$ 377,346	\$ 377,346
Title III, Part C-Area Agency Administration	93.045	130,878	130,878	130,878
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	368,139	368,139	368,139
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	249,642	249,642	249,642
Total Title III, Part C	93.045	748,659	748,659	748,659
Nutritional Services Incentive Program	93.053	456,300	456,300	456,300
American Recovery and Reinvestment Act (ARRA)				
Congregate Meals	93.707	64,231	55,613	55,613
Home Delivered Meals	93.705	30,088	27,379	27,379
Total Cluster		1,676,624	1,665,297	1,665,297
Title III, Part D Disease Prevention and Health Promotion Services	93.043	27,596	27,596	27,596
Title III, Part E Caregiver Support	93.052	155,180	155,180	155,180
Alzheimers Disease Demonstration Grants to States	93.051	493,250	207,030	207,030
Medicare Enrollment Assistance Program	93.071	20,720	15,530	15,530
Center for Medicare and Medicaid Services	93.779	20,720	10,558	10,558
Passed through the Louisiana Department of Insurance:				
Center for Medicare and Medicaid Services	93.779	13,348	13,348	13,348
		\$ 2,407,438	\$ 2,094,539	\$ 2,094,539

Note A: Schedule prepared using accrual basis of accounting.

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Robert L. Stamey, CPA
Susan S. Tham, CPA
Kimberly G. Sanders, CPA, MBA
Dominic Michelli, CPA

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

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

We have audited the accompanying financial statements of Capital Area Agency on Aging – District II, Inc., as of and for the year ended June 30, 2010, and have issued our report thereon dated November 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Capital Area Agency on Aging - District II, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies and it is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "L. H. Champagne".

November 2, 2010

Michael A. Tham, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

Compliance

We have audited the compliance of Capital Area Agency on Aging - District II, 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 its major federal programs for the year ended June 30, 2010. Capital Area Agency on Aging - District II, 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 its major federal programs is the responsibility of the Capital Area Agency on Aging - District II, Inc.'s management. Our responsibility is to express an opinion on Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements.

In our opinion, Capital Area Agency on Aging - District II, 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, 2010.

Internal Control Over Compliance

The management of Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Capital Area Agency on Aging - District II, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R. S. 24:513, this report is distributed by the Legislative Auditor as a public document.


November 2, 2010

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Capital Area Agency on Aging - District II, Inc.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *"Governmental Auditing Standards."*
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for Capital Area Agency on Aging - District II, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Capital Area Agency on Aging - District II, Inc. are reported in Part C of this Schedule.
7. The programs tested as a major program are as follows:
 - U. S. Department of Health and Human Services
 - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA# 93.044
 - Title III-C – Nutrition Services; CFDA#93.045
 - N.S.I.P. – Nutrition Services Incentive Program; CFDA#93.053
 - ARRA – American Recovery and Reinvestment Act
 - Congregate Meals; CFDA # 93.707
 - Home Delivered Meals; CFDA # 93.705
8. The threshold for distinguishing Types A and B programs was \$300,000, except that all American Recovery and Reinvestment Act programs were classified as Type A.

9. Capital Area Agency on Aging - District II, Inc. was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

**C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD
PROGRAM AUDIT**

There are no findings that are required to be reported in this section of the report.