

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**AUDIT OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 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 6/22/11

**DUCOTE & COMPANY**  
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**AVOYELLES PROGRESS ACTION COMMITTEE**

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**AVOYELLES PROGRESS ACTION COMMITTEE**

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**Independent Auditors' Report**

To the Board of Directors  
Avoyelles Progress Action Committee, Inc.  
Marksville, Louisiana

We have audited the accompanying statement of financial position of the Avoyelles Progress Action Committee, Inc. (a nonprofit organization) as of September 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Progress Action Committee, Inc., as of September 30, 2010, and the changes in its net assets and cash flows for the year 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 4, 2011, on our consideration of Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of Directors  
Page 2  
May 4, 2011

Our audit was performed for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The accompanying financial information on pages 20-24 listed as supplementary information in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Avoyelles Progress Action Committee, Inc. The accompanying schedule of expenditures of federal awards contained in Appendix A 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 of the Avoyelles Progress Action Committee, 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.

*Ducote & Company*

**DUCOTE & COMPANY**  
Marksville, Louisiana  
May 4, 2011

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

To the Board of Directors  
Avoyelles Progress Action Committee, Inc.  
Marksville, Louisiana

We have audited the statement of financial position of the Avoyelles Progress Action Committee, Inc. (a nonprofit organization) as of September 30, 2010, and the related statements of activities and cash flows for the year then ended, and have issued our report thereon dated May 4, 2011. 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 Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the effectiveness of the Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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 the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over financial reporting, described as 2010-2 in the accompanying Schedule of Audit Results, Findings and Questioned Costs, to be a material weakness.

Board of Directors  
Page 2  
May 4, 2011

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avoyelles Progress Action Committee, 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 one instance of noncompliance that is required to be reported under Government Auditing Standards and which we described in the accompanying Schedule of Audit Results, Findings and Questioned Costs as item 2010-1.

The Avoyelles Progress Action Committee's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Results, Findings and Questioned Costs. We did not audit the Agency's response, and accordingly, express no opinion on it.

This report is intended solely for the information and use of management, State of Louisiana and Federal rating agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Ducote & Company*

**DUCOTE & COMPANY**  
Marksville, Louisiana  
May 4, 2011

**FINANCIAL STATEMENTS**

**AVOYELLES PROGRESS ACTION COMMITTEE, INC**  
**MARKSVILLE, LOUISIANA**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**ALL PROGRAMS**  
**SEPTEMBER 30, 2010**

	<u>Direct Federal Program</u>	<u>Indirect Federal Program</u>	<u>Non-Federal Program</u>	<u>Totals Memo Only</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$4,803	\$417,404	\$26,565	\$448,771
Grants receivable	<u>0</u>	<u>146,064</u>	<u>0</u>	<u>146,064</u>
Total current assets	<u>4,803</u>	<u>563,467</u>	<u>26,565</u>	<u>594,835</u>
Property, Plant & Equipment (net of accum depreciation)	2,343,624	13,998	122,875	2,480,497
<b>Other Assets</b>				
Deposits	<u>100</u>	<u>0</u>	<u>0</u>	<u>100</u>
<b>TOTAL ASSETS</b>	<u><b>\$2,348,527</b></u>	<u><b>\$577,465</b></u>	<u><b>\$149,439</b></u>	<u><b>\$3,075,431</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable	\$14,021	\$237,569	\$0	\$251,590
Retainage payable	17,255	0	0	17,255
Due to other programs	0	0	0	0
Notes payable, current portion	<u>33,518</u>	<u>0</u>	<u>6,245</u>	<u>39,763</u>
Total current liabilities	<u>64,794</u>	<u>237,569</u>	<u>6,245</u>	<u>308,608</u>
<b>Long-Term Liabilities</b>				
Notes payable, net of current portion	<u>1,379,616</u>	<u>0</u>	<u>109,196</u>	<u>1,488,811</u>
Total liabilities	1,444,410	237,569	115,441	1,797,419
<b>Net Assets</b>				
Unrestricted	<u>904,117</u>	<u>339,896</u>	<u>33,999</u>	<u>1,278,012</u>
Total net assets	<u>904,117</u>	<u>339,896</u>	<u>33,999</u>	<u>1,278,012</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><b>\$2,348,527</b></u>	<u><b>\$577,465</b></u>	<u><b>\$149,439</b></u>	<u><b>\$3,075,431</b></u>

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

**AVOYELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
COMBINED STATEMENT OF ACTIVITIES  
ALL PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Direct Federal Program</u>	<u>Indirect Federal Families</u>	<u>Non-Federal Program</u>	<u>Totals Memo Only</u>
<b>UNRESTRICTED NET ASSETS</b>				
<b>Support</b>				
Grants earned	\$2,025,148	\$2,288,725	\$0	\$4,313,873
In-kind contributions	769,046	0	0	769,046
Other support	292	0	2,309	2,601
<b>Total Support</b>	<u>2,794,486</u>	<u>2,288,725</u>	<u>2,309</u>	<u>5,085,519</u>
<b>Expenses:</b>				
<b>Program Services</b>				
Salaries	1,121,966	456,250	609	1,578,825
Fringe benefits	194,615	55,094	47	249,755
Contractual	7,087	932,160	0	939,247
Travel	36,337	10,787	0	47,124
Space costs	37,114	5,617	0	42,731
Consumable supplies	82,287	51,536	0	133,823
Materials/food costs	6,825	272,710	0	279,535
Other expenses	450,502	277,205	14,857	742,564
In-kind contributions	769,046	0	0	769,046
<b>Total Program Services</b>	<u>2,705,778</u>	<u>2,061,360</u>	<u>15,513</u>	<u>4,782,651</u>
<b>Increase (decrease) in unrestricted net assets before operating transfers</b>	88,708	227,365	(13,204)	302,869
Operating transfers in (out)	(6,100)	(8,094)	14,195	0
<b>Increase (decrease) in unrestricted net assets</b>	82,607	219,271	991	302,869
<b>Net assets, beginning of year</b>	<u>821,510</u>	<u>120,626</u>	<u>33,008</u>	<u>975,143</u>
<b>Net assets, end of year</b>	<u>\$904,117</u>	<u>\$339,896</u>	<u>\$33,999</u>	<u>\$1,278,012</u>

**AVOUELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Direct Programs</u>	<u>Indirect Programs</u>	<u>Non-Federal Programs</u>	<u>Totals Memo Only</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in net assets	\$82,607	\$219,271	\$991	\$302,869
Adjustments to reconcile changes net assets to net cash provided by operating activities:				
Depreciation	89,372	8,264	3,870	101,506
(Increase) decrease in operating assets:				
Grants receivable	0	55,217	0	55,217
Other receivable	0	10,000	0	10,000
Increase (decrease) in operating liabilities:				
Accounts payable	2,000	122,924	0	124,924
Other payables	<u>17,257</u>	<u>(10,015)</u>	<u>(875)</u>	<u>6,367</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>191,236</u>	<u>405,661</u>	<u>3,986</u>	<u>600,883</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Principal payments of debt	<u>(32,897)</u>	<u>0</u>	<u>(6,260)</u>	<u>(39,157)</u>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>(32,897)</u>	<u>0</u>	<u>(6,260)</u>	<u>(39,157)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of property and equipment	<u>(199,969)</u>	<u>(4,966)</u>	<u>0</u>	<u>(204,935)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(199,969)</u>	<u>(4,966)</u>	<u>0</u>	<u>(204,935)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(41,630)	400,695	(2,274)	356,791
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>46,433</u>	<u>16,710</u>	<u>28,839</u>	<u>91,982</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$4,803</u></u>	<u><u>\$417,404</u></u>	<u><u>\$26,565</u></u>	<u><u>\$448,772</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements**  
**September 30, 2010**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization:**

The Avoyelles Progress Action Committee, Inc. (APAC) was organized in 1965, its purpose being to serve as a community action agency for the parish of Avoyelles, Louisiana. Its goal is to provide a central agency to focus on available local, state, federal and private resources to assist the disadvantage residents of Avoyelles Parish.

The Avoyelles Progress Action Committee, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Nature of Activities:**

The primary funding sources and their purposes of APAC are:

**Direct Federal Programs**

**Department of Health & Human Services:**

Head Start - a full year (nine month) program which provides comprehensive early child development for disadvantaged, pre-school (ages 3 and 4) children.

**Indirect Federal Programs**

**Department of Agriculture:**

The Child Care Food Program operates in conjunction with the Head Start Program. This program allows APAC to operate a meal program for qualifying students on a cost reimbursement basis.

**Department of Energy:**

The Weatherization Assistance for Low Income Persons Program provides services to assist needy individuals with home energy conservation measures.

**Department of Health & Human Services:**

The Community Services Block Grant and the Emergency Community Services for the Homeless Programs help to defray a portion of APAC's administrative costs as well to provide various program services to the needy.

The Low Income Home Energy Assistance Program (LIHEAP) provides assistance to low income households in the payment of home utility costs during high energy usage periods of the year.

**AVOUELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Nature of Activities (continued):**

**Indirect Federal Programs (continued):**

**Department of Social Services:**

The Temporary Assistance for Needy Families Program (TANF) provides assistance to low income households in the payment of home utility costs. This program had no activity during the fiscal year ended September 30, 2010.

**Non-Federal Programs**

This accounts for general fund and state appropriated monies to cover other administrative costs of operating the APAC agency. During the year ended September 30, 2010, APAC received no state appropriation monies.

**Method of Accounting:**

The financial statements of APAC have been prepared utilizing the accrual basis of accounting.

**Financial Statement Presentation:**

In 1996, APAC adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, APAC 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) based upon the existence or absence of donor-imposed restrictions.

APAC also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**Cash Equivalents:**

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

**Support and Revenue:**

Grant revenues are recognized as follows:

For entitlement grants in which unexpended funds are subjected to future reprogramming, the entire amount of the grant award is recognized over the life of the grant. In cases where such grants span the Agency's fiscal year end, revenues are recognized in an amount equal to expenditures in the initial portion of the grant, and any excess is recognized in the period in which the grant terminates.

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Support and Revenue (continued):**

In cases of cost reimbursement grants where unexpended funds revert to the grantor at the conclusion of the grant period, grant revenues are recognized in an amount equal to expenditures, up to the maximum amount of the grant awarded.

In the case of unrestricted grants, the entire amount of the grant award is recognized as revenue upon receipt.

**Expenditures:**

Purchases of consumables and supplies are recorded as expenditures in the grant period when purchased. Should grant funding cease, such equipment could be returned to the grantor. Because of these expenditures, a perpetual record is maintained on those assets acquired.

**Totals - Memo Only**

The total columns on the statements are captioned Memo Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment acquired by APAC are considered to be owned by APAC. However, federal funding sources may maintain an equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The equitable interest maintained by the grantor agency decreases as the age of the asset increases.

As of September 30, 2010, all property and equipment owned by APAC has been acquired with grant monies. Property and equipment consist of the following:

	<u>Balance 9/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2010</u>
Direct Federal Programs	\$3,138,133	\$199,969	\$60,302	\$3,277,800
Indirect Federal Programs	98,558	4,966	0	103,524
Non-Federal Programs	<u>154,803</u>	<u>0</u>	<u>0</u>	<u>154,803</u>
Totals	3,391,494	<u>204,935</u>	<u>60,302</u>	3,536,127
Accumulated Depreciation	<u>(1,014,430)</u>	<u>(101,506)</u>	<u>60,302</u>	<u>(1,055,635)</u>
Net Property and Equipment	<u>\$2,377,064</u>			<u>\$2,480,497</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE B – PROPERTY AND EQUIPMENT (continued)**

SFAS No. 93, effective for fiscal years beginning after May 15, 1988, requires the recognition of depreciation in the financial statements of a non-profit organization. This statement provides that the nonprofit organization adopt accounting changes needed to conform to the statement's provisions.

Effective for the year ended September 30, 2010, APAC has adopted the provisions of SFAS No. 93. Depreciation is calculated using the straight-line method with assets lives of 5 to 30 years.

**NOTE C - DONATED SERVICES, MATERIAL, AND FACILITIES**

Valuation of in-kind services is made at current market rates for services, at not more than the federal minimum wage plus applicable fringe costs.

Donations of materials and facilities use are valued at the estimated fair market value of the material or facility at the time of the donation.

**NOTE D - INTERPROGRAM RECEIVABLES/PAYABLES**

As of September 30, 2010, no inter-program receivables/payables existed.

**NOTE E - GRANTS RECEIVABLE**

As of September 30, 2010, grants receivable was composed of:

Child Care Food	
State of Louisiana	\$22,017
Headstart	
Dept of Health & Human Services	0
LIHEAP	
Dept of Energy	119,989
Weatherization:	
Dept of Energy	<u>4,058</u>
Total	<u><u>\$146,064</u></u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE F - SUMMARY OF GRANTS**

APAC was primarily funded through the following grants for the year ended September 30, 2010:

<u>Funding Source</u>	<u>Program Year(s) Covered</u>	<u>Recognized Support</u>
Direct Federal Programs:		
Headstart	7/1/09-6/30/10 7/1/10-6/30/11	\$2,025,148
Indirect Federal Programs:		
Community Service Block Grant	1/1/2009-12/31/2009 1/1/2010-12/31/2010	179,762
Community Service Block Grant - ARRA	4/10/2009-9/30/2010	270,931
Dept of Energy Weatherization	4/1/2009-3/31/2010 4/1/2010-3/31/2011	69,241
Dept of Energy Weatherization - ARRA	9/22/2009-3/31/2011	588,210
LIHEAP Energy Assistance	4/1/2009-3/31/2010 4/1/2010-3/31/2011	1,005,978
Child Care Food Program	10/1/09-9/30/10	174,602
		<u>\$4,313,873</u>

Some of the programs have program years that overlap the Agency's fiscal year. In those cases revenue and expenditures are recognized according to the Agency's fiscal year.

**NOTE G – LONG-TERM NOTE PAYABLE**

A summary of long-term notes payable for the year ended September 30, 2010:

Description	Beginning Balance			Ending Balance
	30-Sep-09	Additions	Deletions	30-Sep-10
Administration Building	\$121,700	\$0	(\$6,260)	\$115,440
Cinderella	110,677	0	(5,132)	105,545
Lil Bo Peep	72,017	0	(2,389)	69,628
Brooks Center	242,313	0	(9,092)	233,221
Jack and Jill	196,736	0	(6,117)	190,619
News Beginnings	135,480	0	(3,751)	131,729
Mother Hubbard	365,853	0	(3,685)	362,168
Mother Goose	322,956	0	(2,731)	320,225
Totals	<u>\$1,567,732</u>	<u>\$0</u>	<u>(\$39,157)</u>	<u>\$1,528,575</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE G – LONG-TERM NOTE PAYABLE**

A detailed description of the individual notes payable are detailed below:

On May 6, 2002 the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$156,713 for the purpose of providing the cost of building an administrative facility. The Board of Directors entered into a security agreement with the Union Bank to borrow \$156,713 at an interest rate of 7.75% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$115,440. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2011	6,747	8,701	15,448
2012	7,288	8,159	15,447
2013	7,874	7,574	15,448
2014	8,506	6,941	15,447
2015	9,189	6,258	15,447
2016-2022	<u>75,836</u>	<u>19,830</u>	<u>95,666</u>
Totals	<u>\$115,440</u>	<u>\$57,463</u>	<u>\$172,903</u>

On November 15, 2002 the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$137,562 for the purpose of providing the cost of building the Cinderella Headstart facility located in Marksville, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$137,562 at an interest rate of 7.75% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$105,545. Future debt service requirements are as follows:

2012	5,972	7,584	13,556
2013	6,451	7,105	13,556
2014	6,969	6,587	13,556
2015	7,529	6,027	13,556
2016-2022	<u>73,096</u>	<u>22,250</u>	<u>95,346</u>
Totals	<u>\$105,545</u>	<u>\$57,581</u>	<u>\$163,126</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE G – LONG-TERM NOTE PAYABLE (continued)**

On September 14, 2004 the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$82,796 for the purpose of providing the cost of purchasing the Lil Bo Peep Headstart facility located in Effie, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$82,796 at an interest rate of 7.75% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$69,628. Future debt service requirements are as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	2,866	5,292	8,158
2012	3,096	5,062	8,158
2013	3,345	4,813	8,158
2014	3,614	4,544	8,158
2015	3,904	4,255	8,159
2016-2024	<u>52,803</u>	<u>20,692</u>	<u>73,495</u>
<b>Totals</b>	<u><u>\$69,628</u></u>	<u><u>\$44,658</u></u>	<u><u>\$114,286</u></u>

On March 11, 2005, the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$277,362, for the purpose of providing the cost of constructing the Brooks Center Headstart facility located in Bunkie, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$277,362 at an interest rate of 7.0% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$233,221. Future debt service requirements are as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	9,733	16,085	25,818
2012	10,437	15,381	25,818
2013	11,191	14,627	25,818
2014	12,000	13,818	25,818
2015	12,868	12,950	25,818
2016-2024	<u>176,992</u>	<u>65,712</u>	<u>242,704</u>
<b>Totals</b>	<u><u>\$233,221</u></u>	<u><u>\$138,573</u></u>	<u><u>\$371,794</u></u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE G – LONG-TERM NOTE PAYABLE (continued)**

In March 2006, the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$215,051, for the purpose of providing the cost of constructing the Jack and Jill Headstart facility located in Cottonport, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$215,051 at an interest rate of 7.75% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$190,619. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2011	6,604	14,592	21,196
2012	7,135	14,061	21,196
2013	7,708	13,488	21,196
2014	8,327	12,869	21,196
2015	8,996	12,200	21,196
2016-2024	<u>151,849</u>	<u>71,257</u>	<u>223,106</u>
Totals	<u>\$190,619</u>	<u>\$138,467</u>	<u>\$329,086</u>

In May 2007, the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$143,550, for the purpose of providing for part of the cost of constructing the New Beginnings Headstart facility located in Mansura, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$143,550 at an interest rate of 7.75% payable over twenty years. At September 30, 2010 the outstanding principal balance was \$131,729. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2011	4,052	10,099	14,151
2012	4,377	9,773	14,150
2013	4,729	9,422	14,151
2014	5,109	9,042	14,151
2015	5,519	8,631	14,150
2016-2027	<u>107,943</u>	<u>56,501</u>	<u>164,444</u>
Totals	<u>\$131,729</u>	<u>\$103,468</u>	<u>\$235,197</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE G – LONG-TERM NOTE PAYABLE (continued)**

In August 2008, the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$370,260, for the purpose of providing for part of the cost of constructing the Mother Hubbard headstart facility located in Simmesport, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$370,260 at an interest rate of 7.5% payable over twenty years. At September 30, 2010, the outstanding principal balance was \$362,167. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2011	3,981	27,100	31,081
2012	4,290	26,791	31,081
2013	4,623	26,458	31,081
2014	4,981	26,100	31,081
2015	5,368	25,713	31,081
2016-2027	<u>338,924</u>	<u>373,392</u>	<u>712,316</u>
Totals	<u>\$362,167</u>	<u>\$505,554</u>	<u>\$867,721</u>

In February 2009, the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$324,869, for the purpose of providing for part of the cost of constructing the Mother Goose headstart facility located in Hessmer, Louisiana. The Board of Directors entered into a security agreement with the Union Bank to borrow \$324,869 at an interest rate of 7.5% payable over thirty years. At September 30, 2010, the outstanding principal balance was \$320,225. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2011	3,355	23,908	27,263
2012	3,616	23,647	27,263
2013	3,896	23,367	27,263
2014	4,199	23,064	27,263
2015	4,525	22,738	27,263
2016-2039	<u>300,634</u>	<u>339,483</u>	<u>640,117</u>
Totals	<u>\$320,225</u>	<u>\$456,207</u>	<u>\$776,432</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC.**  
**Notes to the Financial Statements (continued)**  
**September 30, 2010**

**NOTE H - BOARD MEMBERS PER DIEM**

Board Members of the Avoyelles Progress Action Committee have not received per diem or any other type of compensation during this audit period.

**NOTE I - EMPLOYEE BENEFIT PLAN**

APAC established a defined contribution salary deferral plan, covering employees of the agency. The plan has been adopted in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the APAC contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction elected by the employee, up to 5% of compensation. The employee may elect a salary reduction up to the maximum annual allowable amount established by applicable Internal Revenue Code Sections. During the year ended September 30, 2010, APAC contributed \$37,005, as the agency's match, to the plan.

**NOTE J - USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 support and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE K - COMMITMENTS AND CONTINGENCIES**

APAC leases various buildings on a one-year, renewable basis. The buildings are used primarily for Head Start facilities. Over the past several years the Agency has constructed its own facilities for the Head Start Program. These projects are expected to be completed within the next fiscal year and following the completion of these construction projects, APAC does not expect to lease buildings for its programs.

In September 2007, the Avoyelles Progress Action Committee, Inc opened a revolving line of credit in the amount of \$50,000 at the Union Bank. The line of credit was renewed in September 2009. The purpose of the line of credit is to provide temporary cash funds while awaiting grant reimbursement revenues if needed by the Agency. As of September 30, 2010, there was no outstanding balance on the line of credit.

**NOTE L - SUBSEQUENT EVENTS**

The Board of the Avoyelles Progress Action Committee, Inc. authorized a resolution to construct a new Headstart facility, Humpty Dumpty, and Headstart administrative offices in Moreauville, Louisiana. Land for the facility has been purchased and the bids have been let and accepted for the construction of the facility. The estimated costs for the construction of the facility are approximately \$395,000. Construction began in March 2010 and was completed in late 2010.

## **SUPPLEMENTARY INFORMATION**

## INDIRECT FEDERAL PROGRAMS

### **Department of Health & Human Services:**

The Community Services Block Grant helps to defray a portion of APAC's administrative costs as well to provide various program services to the needy.

During the fiscal year ended September 30, 2010, additional Community Service Block Grant funding was received under the American Recovery and Reinvestment Act of 2009 (ARRA).

### **Department of Energy:**

The Weatherization Assistance for Low Income Persons Program provides services to assist needy individuals with home energy conservation measures.

The LIHEAP Program assists needy individuals with home energy payments.

During the fiscal year ended September 30, 2010, additional Weatherization Assistance funding was received under the American Recovery and Reinvestment Act of 2009 (ARRA).

### **Department of Agriculture:**

The Child and Adult Food Care Program operates in conjunction with the Head Start Program. This program allows APAC to operate a food program for qualifying students on a cost reimbursement basis.

### **Department of Social Services:**

The Temporary Assistance for Needy Families Program provides assistance to the needy in the payment of home utility costs.

**AVOUELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
COMBINING STATEMENT OF FINANCIAL POSITION  
INDIRECT FEDERAL PROGRAMS  
SEPTEMBER 30, 2010**

	<u>CSBG Program</u>	<u>Dept of Energy Weatherization Program</u>	<u>LIHEAP Energy Assistance Program</u>	<u>Child Care Food Program</u>	<u>Dept of Energy Weatherization ARRA Program</u>	<u>CSBG ARRA Program</u>	<u>Totals Memo Only</u>
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$7,440	\$55,276	\$0	\$16,716	\$173,165	\$164,807	\$417,404
Grants receivable	0	4,058	119,989	22,017	0	0	146,064
<b>Property, Plant &amp; Equipment</b>							
Property, Plant & Equipment (net of accum depreciation)	<u>10,560</u>	<u>631</u>	<u>1,791</u>	<u>0</u>	<u>1,016</u>	<u>0</u>	<u>13,998</u>
<b>TOTAL ASSETS</b>	<u>\$18,000</u>	<u>\$59,965</u>	<u>\$121,780</u>	<u>\$38,732</u>	<u>\$174,181</u>	<u>\$164,807</u>	<u>\$577,465</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current Liabilities</b>							
Due to other programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts payable	<u>7,408</u>	<u>51</u>	<u>28,518</u>	<u>20,599</u>	<u>16,185</u>	<u>164,807</u>	<u>237,569</u>
Total liabilities	<u>7,408</u>	<u>51</u>	<u>28,518</u>	<u>20,599</u>	<u>16,185</u>	<u>164,807</u>	<u>237,569</u>
<b>Net Assets</b>							
Unrestricted	<u>10,592</u>	<u>59,914</u>	<u>93,262</u>	<u>18,133</u>	<u>157,995</u>	<u>0</u>	<u>339,896</u>
Total net assets	<u>10,592</u>	<u>59,914</u>	<u>93,262</u>	<u>18,133</u>	<u>157,995</u>	<u>0</u>	<u>339,896</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$18,000</u>	<u>\$59,965</u>	<u>\$121,780</u>	<u>\$38,732</u>	<u>\$174,181</u>	<u>\$164,807</u>	<u>\$577,465</u>

**AVOUELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
COMBINING STATEMENT OF ACTIVITIES  
INDIRECT FEDERAL PROGRAMS  
SEPTEMBER 30, 2010**

	<u>CSBG Program</u>	<u>Dept of Energy Weatherization Program</u>	<u>LIHEAP Energy Assistance Program</u>	<u>Child Care Food Program</u>	<u>Dept of Energy Weatherization ARRA Program</u>	<u>CSBG ARRA Program</u>	<u>Totals Totals Memo Only</u>
<b>UNRESTRICTED NET ASSETS</b>							
<b>Support</b>							
Grants earned	<u>\$179,762</u>	<u>\$69,241</u>	<u>\$1,005,978</u>	<u>\$174,602</u>	<u>\$588,210</u>	<u>\$270,931</u>	<u>\$2,288,725</u>
<b>Total Support</b>	<u>179,762</u>	<u>69,241</u>	<u>1,005,978</u>	<u>174,602</u>	<u>588,210</u>	<u>270,931</u>	<u>2,288,725</u>
<b>Expenses:</b>							
<b>Program Services</b>							
Salaries	94,802	12,775	36,229	61,799	158,813	92,033	456,250
Fringe benefits	16,881	1,308	3,810	6,321	16,427	10,348	55,094
Contractual	397	69	930,905	0	789	0	932,160
Travel	134	654	3,116	0	6,838	46	10,787
Space costs	5,617	0	0	0	0	0	5,617
Consumable supplies	31,768	575	0	13,191	3,777	2,225	51,536
Materials/food costs	0	12,005	0	88,062	172,643	0	272,710
Other expenses	<u>21,911</u>	<u>7,453</u>	<u>8,875</u>	<u>1,557</u>	<u>71,129</u>	<u>166,280</u>	<u>277,205</u>
<b>Total Program Services</b>	<u>171,509</u>	<u>34,839</u>	<u>982,936</u>	<u>170,930</u>	<u>430,215</u>	<u>270,931</u>	<u>2,061,360</u>
<b>Increase (decrease) in unrestricted net assets before operating transfers</b>	8,253	34,401	23,043	3,673	157,995	0	227,365
Operating transfers in (out)	<u>(8,094)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,094)</u>
<b>Increase (decrease) in unrestricted net assets</b>	158	34,401	23,043	3,673	157,995	0	219,271
<b>Net assets, beginning of year</b>	<u>10,434</u>	<u>25,513</u>	<u>70,219</u>	<u>14,460</u>	<u>0</u>	<u>0</u>	<u>120,626</u>
<b>Net assets, end of year</b>	<u>\$10,592</u>	<u>\$59,914</u>	<u>\$93,262</u>	<u>\$18,133</u>	<u>\$157,995</u>	<u>\$0</u>	<u>\$339,896</u>

**AVOYELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
COMBINING STATEMENT OF CASH FLOWS  
INDIRECT FEDERAL PROGRAMS  
SEPTEMBER 30, 2010**

	CSBG Program	Dept of Energy Weatherization Program	LIHEAP Energy Assistance Program	Child Care Food Program	WAP ARRA Program	CSBG ARRA Program	Totals Memo Only
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in net assets	\$158	\$34,401	\$23,043	\$3,673	\$157,995	\$0	\$219,271
Adjustments to reconcile changes in net assets to net cash provided by operating activities:							
Depreciation	3,110	3,834	525	682	113	0	8,284
(Increase) decrease in operating assets:							
Grants receivable	0	32,426	20,868	1,923	0	0	55,217
Other receivable	0	0	10,000	0	0	0	10,000
Increase (decrease) in operating liabilities:							
Accounts payable	6,904	(15,048)	(53,851)	3,927	16,185	164,807	122,924
Other payables	(15)	(10,000)	0	0	0	0	(10,015)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>10,157</u>	<u>45,613</u>	<u>585</u>	<u>10,205</u>	<u>174,293</u>	<u>164,807</u>	<u>405,661</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Purchase of property and equipment	<u>(3,253)</u>	<u>0</u>	<u>(585)</u>	<u>0</u>	<u>(1,128)</u>	<u>0</u>	<u>(4,966)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(3,253)</u>	<u>0</u>	<u>(585)</u>	<u>0</u>	<u>(1,128)</u>	<u>0</u>	<u>(4,966)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,904	45,613	0	10,205	173,165	164,807	400,695
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>537</u>	<u>9,663</u>	<u>0</u>	<u>6,511</u>	<u>0</u>	<u>0</u>	<u>18,710</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$7,440</u>	<u>\$55,276</u>	<u>\$0</u>	<u>\$16,716</u>	<u>\$173,165</u>	<u>\$164,807</u>	<u>\$417,404</u>

## **APPENDIX A**

### **REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR**

The following pages contain reports on the Schedule of Expenditures of Federal Awards and on compliance with requirements applicable to each Major Program and internal control over compliance in accordance with OMB Circular A-133

**REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

To the Board of Directors  
Avoyelles Progress Action Committee, Inc  
Marksville, Louisiana

We have audited the general-purpose financial statements of the Avoyelles Progress Action Committee, Inc, for the year ended September 30, 2010, and have issued our report thereon dated May 4, 2011. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

***Ducote & Company***

**Ducote & Company**  
Marksville, Louisiana  
May 4, 2011

**AVOYELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Local Program Number</u>	<u>Program Expenditures</u>
<b>U. S. Department of Agriculture</b>			
Passed through the State of Louisiana, Dept of Education:			
Child Care Food Program	10.558	CACFP-2009	\$170,930
<b>U. S. Department of Energy</b>			
Passed through the State of Louisiana, Dept of LA Housing Financing Agency:			
Weatherization Assistance for Low-Income Person	81.042	DE-EE0000122	34,839
Weatherization Assistance for Low-Income Person - ARRA Funds	81.042	DE-EE0000122	430,215
<b>U. S. Department of Health and Human Services</b>			
Direct Program:			
Head Start	93.600*	06CH5109/44	2,705,778
Passed through the State of Louisiana, Dept of LA Housing Financing Agency:			
Low Income Home Energy Assistance Payments	93.568	CFMS 565754	982,936
Passed through the State of Louisiana, Dept of Labor:			
Community Service Block Grant	93.569	2009N0051	171,509
Community Service Block Grant - ARRA Funds	93.569	2009N0051	<u>270,931</u>
<b>Total Federal Program Expenditures-Awards</b>			<b><u><u>\$4,767,138</u></u></b>

\* Denotes a major program

**AVOYELLES PROGRESS ACTION COMMITTEE, INC**  
**Notes to the Schedule of**  
**Expenditures of Federal Awards**  
**September 30, 2010**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards of the Avoyelles Progress Action Committee, Inc., has been prepared utilizing the accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in, the preparation of the general purpose financial statements.

**NOTE B – SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, Avoyelles Progress Action Committee, Inc. provided no federal awards to subrecipients.

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Avoyelles Progress Action Committee, Inc  
Marksville, Louisiana

**Compliance**

We have audited the compliance of the Avoyelles Progress Action Committee, 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 September 30, 2010. Avoyelles Progress Action Committee, 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 Avoyelles Progress Action Committee, Inc.'s management. Our responsibility is to express an opinion on Avoyelles Progress Action Committee, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-1338, Audits of State and 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 Avoyelles Progress Action Committee, 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 Avoyelles Progress Action Committee, Inc.'s compliance with those requirements.

In our opinion, Avoyelles Progress Action Committee, 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 September 30, 2010.

**Internal Control Over Compliance**

The management of the Avoyelles Progress Action Committee, 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 Avoyelles Progress Action Committee, 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, 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 Avoyelles Progress Action Committee, Inc.'s internal control over compliance

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Audit Results, Findings and Questioned Costs as 2010-2 to be a material weakness.

The Avoyelles Progress Action Committee's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Results, Findings and Questioned Costs. We did not audit the Agency's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors and the management of the Avoyelles Progress Action Committee, Inc., State of Louisiana and Federal granting agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

## *Ducote & Company*

**Ducote & Company**  
Marksville, Louisiana  
May 4, 2011

**AVOYELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
Schedule of Audit Results, Findings and Questioned Costs  
For the Year Ended September 30, 2010**

**Section I – Summary of Auditors’ Results**

**A. Financial Statement Audit**

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	None Reported
Noncompliance material to the basic financial statements noted?	Yes

**B. Audit of Federal Awards**

Internal Control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

Dollar threshold used to identify Type A	\$300,000
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Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133	Yes
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**AVOYELLES PROGRESS ACTION COMMITTEE, INC**  
**MARKSVILLE, LOUISIANA**  
**Schedule of Audit Results, Findings and Questioned Costs**  
**(continued)**  
**For the Year Ended September 30, 2010**

**Section II-Financial Statement Findings**

**10-01 Failure to submit financial statements timely**

Criteria

In accordance with Louisiana State Law, the Agency's annual financial statements must be filed with the State of Louisiana Legislative Auditor within six months of year end.

Condition

The annual financial statements were not filed with the State of Louisiana Legislative Auditor within the six months deadline.

Context

Due to delays in the annual closing of programs, additional auditing requirements from funding sources, and other unforeseen circumstance, the auditors work schedules were interrupted and resulted in a delay in the ability to complete the audit within the six month time frame; however, a request for an extension of time to deliver the audit was requested and received from the Legislative Auditor, extending the date to May 31, 2011.

Effect

The financial statements were not filed in time to meet the six months filing deadline.

Cause

The effects of the delays described in the Context above, resulted in delays in finalizing the audit report. Consequently, the audit was not able to be delivered within the six months time frame.

Recommendation

It is recommended that state imposed deadlines be adhered to barring any unforeseen circumstances.

Views of Responsible Officials and Planned Corrective Action

The delay of the release of the audit was unforeseen and all efforts were made to prevent the delay in filing the audit report. However, the audit report was filed within the extended time period and future efforts will be made to prevent similar situations from occurring.

**10-02 Proper use of Imprest Payroll Account and Timely Reconciliation of Bank Accounts**

Criteria

The agency utilizes a centralized payroll system, whereby all payroll checks are issued from one bank account and then each program reimburses the payroll account. This system provides additional controls with respect to payroll and the related bank account.

Condition

Bank reconciliations are not performed on the centralized payroll checking account on a timely basis and the bank account is not reconciled back to its imprest balance.

**AVOYELLES PROGRESS ACTION COMMITTEE, INC**  
**MARKSVILLE, LOUISIANA**  
**Schedule of Audit Results, Findings and Questioned Costs**  
**(continued)**  
**For the Year Ended September 30, 2010**

**Section II-Financial Statement Findings (continued)**

**10-02 Proper use of Imprest Payroll Account and Timely Reconciliation of Bank Accounts (continued)**

Context

The following were noted about the payroll accounting and related controls during the course of the audit:

- Reconciliations are not performed to tie the payroll and related liabilities back to the payroll reports and the general ledger system
- Bank reconciliations are not being performed on a timely basis for the payroll checking account. Delays up to four months or more exists in the preparation of the bank reconciliations.
- The imprest payroll account exists, but is not reconciled back to the imprest account balance after each payroll or at the end of the month.

Effect

The proper functioning of all the imprest payroll account and the bank reconciliations are an integral part of a strong internal control system. In order for the internal control system to function properly, all bank accounts must be reconciled on a timely basis and any adjustments promptly recorded. This includes the proper accounting and reconciliation of an imprest payroll account. Also, to ensure all payroll is properly reported and all payroll taxes remitted, a reconciliation must be performed tying total payroll from the general ledger to the quarterly reports; however the accountant continues to fail to prepare monthly reconciliations and/or investigation and correction of the differences on a monthly basis

Cause

Findings occurred in prior years noting that the payroll checking account was not reconciled to the imprest balance. However it was also noted during the current year's audit that bank reconciliations are not performed on a timely basis. These areas have been discussed repeatedly with the Agency's accountant and Executive Director; however the accountant continues to fail to prepare timely bank reconciliations, monthly reconciliations of the imprest balance, and investigation and correction of the differences on a monthly basis

Recommendation

It is recommended that all bank reconciliations and imprest payroll account reconciliations be performed timely by the Agency's accountant. If the accountant continues to not perform his duties, management should take actions necessary to adhere to the internal control system in place. This includes requiring employees to properly perform their duties and to take appropriate action if an employee fails to perform their job properly.

**AVOYELLES PROGRESS ACTION COMMITTEE, INC**  
**MARKSVILLE, LOUISIANA**  
**Schedule of Audit Results, Findings and Questioned Costs**  
**(continued)**  
**For the Year Ended September 30, 2010**

**Section II-Financial Statement Findings (continued)**

**10-02 Proper use of Imprest Payroll Account and Timely Reconciliation of Bank Accounts  
(continued)**

Views of Responsible Officials and Planned Corrective Action

This is a repetition of comments made in previous audits. The Executive Director will meet with the accountant to review the reconciliation process and timeline. Also, the Agency met with the auditors to discuss procedures to put in place to correct this problem. Management will continue to work with the accountant to solve this issue.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings related to internal controls or compliance applicable to federal awards and there are no questioned costs

**AVOYELLES PROGRESS ACTION COMMITTEE, INC  
MARKSVILLE, LOUISIANA  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2010**

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/ Partial Corrective Action Taken</u>
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**Section I – Internal Control and Compliance Material to the Financial Statements**

None

**Section II – Internal Control and Compliance Material to Federal Awards**

None

**Section III – Management Letter**

None