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

BATON ROUGE, LOUISIANA

JUNE 30, 2006

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 1/17/07

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**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
INTRODUCTION AND SUMMARY**
June 30, 2006 and 2005

INTRODUCTION

The Agency received federal funds under entitlements from Titles III-B, III C-1, III C-2, III-D, III-E and IV 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 and Elderly Protective Services programs. Funding was also provided by United Way, and Entergy's Project Care and Helping Hand programs.

SUMMARY

During the periods ended June 30, 2006 and 2005, the Agency received \$3,843,561 and \$3,458,302, respectively, to fund administrative costs and programs serving older citizens. Funding is summarized as follows:

	<u>2006</u>	<u>2005</u>
Governor's Office of Elderly Affairs, State of Louisiana	\$ 3,152,457	\$ 3,012,857
Entergy - Project Care/Helping Hands	134,607	95,512
United Way	205,558	164,640
Participant Contributions	539	518
Interest	3,305	3,047
Disaster Assistance	118,627	-
Other	228,468	181,728
	<u>\$ 3,843,561</u>	<u>\$ 3,458,302</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, 2006 and 2005, 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, 2006. 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.

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, 2006 and 2005 and its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2006 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 October 25, 2006, 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. 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 schedule of expenditures of federal awards on page 18 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Also, the accompanying supplemental information description of programs pages 14 and 15, the detailed schedule of program activities page 16 and the schedule of changes in fixed assets page 17 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


October 26, 2006

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
STATEMENTS OF FINANCIAL POSITION**
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 678,768	\$ 417,288
Receivables on funding contracts	94,130	96,034
Due from subcontractors	86,755	78,894
Other assets	-	14
Prepaid expenses	6,374	12,136
	<u>866,027</u>	<u>604,366</u>
 FIXED ASSETS		
Computer and related equipment	21,389	14,314
Office equipment	25,230	18,245
Furniture and fixtures	3,421	3,421
	<u>50,040</u>	<u>35,980</u>
Less accumulated depreciation	25,215	21,709
	<u>24,825</u>	<u>14,271</u>
	<u>\$ 890,852</u>	<u>\$ 618,637</u>
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 127,401	\$ 117,092
Due to subcontractors	238,873	125,659
Accrued compensated absences	17,842	16,684
	<u>384,116</u>	<u>259,435</u>
 NET ASSETS		
Unrestricted	72,871	52,885
Temporarily restricted	433,865	306,317
	<u>506,736</u>	<u>359,202</u>
	<u>\$ 890,852</u>	<u>\$ 618,637</u>

See accompanying notes

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

Year ended June 30, 2006

(With comparative totals for the year ended June 30, 2005)

	2006			2005
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Governor's Office of Elderly Affairs	\$ -	\$ 3,152,457	3,152,457	\$ 3,012,857
Capital Area United Way	-	205,558	205,558	164,640
Entergy (Project Care/Helping Hands)	-	134,607	134,607	95,512
Participant Contributions	-	539	539	518
Other Support and Revenues	25,781	202,687	228,468	181,728
Disaster Assistance		118,627	118,627	-
Interest Income	3,275	30	3,305	3,047
	<u>29,056</u>	<u>3,814,505</u>	<u>3,843,561</u>	<u>3,458,302</u>
Net assets released from restrictions	3,686,957	(3,686,957)	-	-
	<u>3,716,013</u>	<u>127,548</u>	<u>3,843,561</u>	<u>3,458,302</u>
EXPENSES				
Grants and allocations	1,703,538	-	1,703,538	1,599,872
Functional expenses:				
Program services				
Title III-C-1 Congregate Meals	360,203	-	360,203	372,238
Title III-C-2 Home Delivered Meals	942,883	-	942,883	895,814
Title III-D Preventive Health	5,241	-	5,241	5,259
Title III-E Caregiver Support	544	-	544	-
Title IV - ADRC	42,175	-	42,175	-
Title IV - Disaster Assistance	29,382	-	29,382	-
Senior Rx	198,200	-	198,200	207,231
Elderly Protective Services	158,214	-	158,214	149,612
Total program services	<u>1,736,842</u>	<u>-</u>	<u>1,736,842</u>	<u>1,630,154</u>
Management and general	255,647	-	255,647	259,247
Total functional expenses	<u>1,992,489</u>	<u>-</u>	<u>1,992,489</u>	<u>1,889,401</u>
Total expenses	<u>3,696,027</u>	<u>-</u>	<u>3,696,027</u>	<u>3,489,273</u>
Change in net assets	19,986	127,548	147,534	(30,971)
Net assets - beginning of year	52,885	306,317	359,202	390,173
Net assets - end of year	<u>\$ 72,871</u>	<u>\$ 433,865</u>	<u>506,736</u>	<u>\$ 359,202</u>

See accompanying notes

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2006

(With comparative totals for the year ended June 30, 2005)

	Title III-C-1 Congregate Meals	Title III-C-2 Home Delivered Meals	Title III-D Preventive Health	Title III-E Caregiver Support	Title IV Aging and Disability Resource Center
Catered meals	\$ 353,450	\$ 933,392	\$ -	\$ -	\$ -
Catered meals - disaster assistance	6,753	9,491	-	-	-
Salaries	-	-	4,361	-	18,993
Payroll taxes	-	-	388	-	1,462
Benefits	-	-	209	-	989
Travel	-	-	-	-	1,856
Advertising	-	-	-	-	148
Dues and subscriptions	-	-	-	-	350
Equipment maintenance	-	-	-	-	31
Postage and shipping	-	-	-	-	3,000
Printing and publications	-	-	-	-	70
Occupancy	-	-	-	-	2,100
Telephone	-	-	-	-	3,075
Software licensing	-	-	-	-	-
Insurance	-	-	-	-	360
Office supplies	-	-	-	-	6,644
Conference and training	-	-	-	-	826
Other contractual services	-	-	-	-	1,237
Accounting	-	-	-	-	-
Depreciation	-	-	-	544	1,034
Miscellaneous expense	-	-	-	-	-
Materials - III-D	-	-	283	-	-
Loss on disposal of fixed assets	-	-	-	-	-
Disaster Assistance	-	-	-	-	-
	<u>\$ 360,203</u>	<u>\$ 942,883</u>	<u>\$ 5,241</u>	<u>544</u>	<u>\$ 42,175</u>

See accompanying notes

2006

2005

2006		2005				
Title IV Disaster Assistance	Senior Rx	Elderly Protective Services	Total Program Services	Management and General	Total	Total
\$ -	\$ -	\$ -	\$ 1,286,842	\$ -	\$ 1,286,842	\$ 1,268,052
-	-	-	16,244	-	16,244	-
-	118,286	109,342	250,982	150,627	401,609	367,792
-	9,475	8,775	20,100	11,799	31,899	28,777
-	21,128	5,394	27,720	25,425	53,145	53,385
-	2,136	11,401	15,393	7,886	23,279	16,801
113	258	291	810	715	1,525	1,444
-	-	170	520	399	919	816
-	410	550	991	951	1,942	5,248
-	9,173	-	12,173	1,023	13,196	10,258
-	529	155	754	1,212	1,966	4,404
-	18,252	9,540	29,892	19,368	49,260	45,019
-	2,518	7,482	13,075	2,648	15,723	13,525
-	2,500	-	2,500	1,541	4,041	6,367
-	2,009	1,711	4,080	1,922	6,002	6,294
-	4,044	1,048	11,736	3,565	15,301	18,254
-	-	630	1,456	1,484	2,940	2,842
-	3,986	500	5,723	1,495	7,218	23,031
-	2,500	1,225	3,725	6,225	9,950	9,500
-	996	-	2,574	1,941	4,515	2,748
566	-	-	566	15,421	15,987	2,670
-	-	-	283	-	283	585
-	-	-	-	-	-	1,589
28,703	-	-	28,703	-	28,703	-
<u>29,382</u>	<u>\$ 198,200</u>	<u>\$ 158,214</u>	<u>\$ 1,736,842</u>	<u>\$ 255,647</u>	<u>\$ 1,992,489</u>	<u>\$ 1,889,401</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 147,534	\$ (30,971)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,515	2,748
Loss on disposition of fixed assets	-	1,589
Decrease (increase) in:		
Receivables on funding contracts	1,904	3,219
Receivables from subcontractors	(7,861)	(49,068)
Prepaid expenses	5,762	(3,871)
Other assets	14	(14)
Increase (decrease) in:		
Accounts payable and accrued expenses	10,056	(1,916)
Payables to subcontractors	113,467	14,244
Accrued compensated absences	1,159	3,611
Net cash provided by (used in) operating activities	<u>276,550</u>	<u>(60,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	<u>(15,070)</u>	<u>(3,135)</u>
Net cash used in investing activities	<u>(15,070)</u>	<u>(3,135)</u>
NET INCREASE (DECREASE) IN CASH	261,480	(63,564)
Cash - beginning of year	417,288	480,852
Cash - end of year	<u>\$ 678,768</u>	<u>\$ 417,288</u>

See accompanying notes

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and reporting entity

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 East Baton Rouge Parish and eleven 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 in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and management and general based upon management's estimates. Fundraising and member development activities are not significant and no costs have been allocated to that function.

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. Other federal appropriations under Title IV 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.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2006 and 2005, consist of the following:

	2006	2005
United Way	\$ 76,558	\$ 82,320
Governor's Office of Elderly Affairs:		
Title III-E Caregiver Support	17,572	13,714
	<u>\$ 94,130</u>	<u>\$ 96,034</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 were \$2,009 in 2006 and \$1,958 in 2005.

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 \$14,081 and \$14,784 including administrative charges, is reported in fringe benefits for 2006 and 2005, respectively. Plan benefits are funded through group annuity contracts that are valued at \$143,997 as of December 31, 2005.

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 under two operating lease agreements for its area office located in Baton Rouge, Louisiana and its Elderly Protective Services office located in Hammond, Louisiana. The area office lease was extended effective September 1, 2004, for a two year term expiring August 31, 2006 with monthly rentals of \$3,310. The area office rentals subsequent to August 31, 2006 are on a month-to-month basis. The office lease for the Elderly Protective Services office was renewed effective July 1, 2006, for a one year term expiring June 30, 2007 with monthly rentals of \$800. Lease expense was \$48,660 and \$44,764 for the year ended 2006 and 2005, respectively. Future minimum lease payments under both lease agreements are as follows:

<u>Year Ended</u>	<u>Amount</u>
06/30/07	\$ <u>16,220</u>

F: INTER-PROGRAM TRANSFERS

Transfers in and out are listed by program type for the year ended June 30, 2006:

<u>Transfers In For:</u>	<u>Transfers Out From:</u>				<u>Transfers In</u>
	<u>United Way</u>	<u>N.S.I.P.</u>	<u>Disaster Assistance</u>	<u>Other Restricted</u>	
Louisiana Senior Rx	\$ -	\$ -	\$ -	\$ 113	\$ 113
Area Agency Administration	63,624	-	-	-	63,624
Title III C-1	-	117,284	6,753	-	124,037
Title III C-2	91,408	222,745	9,491	-	323,644
Title IV - Disaster Assistance	10,211	-	-	-	10,211
Total Transfers Out	\$ 165,243	\$ 340,029	\$ 16,244	\$ 113	\$ 521,629

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.

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 by providing 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. A portion of public education services and all of the support group services are provided directly by the Agency.

Title IV - Aging and Disability Resource Center

The Aging and Disability Resource Center, known as Louisiana Answers, helps senior citizens, disabled adults and their caregivers find information and available resources needed to enable them to continue living in their homes and communities. Title IV 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 for direct service programs.

Title IV - Disaster Assistance

The purpose of these funds is to provide disaster assistance gap filling services for persons displaced by hurricanes Katrina and Rita. The Agency assisted evacuated seniors by providing services such as congregate meals, home delivered meals, respite care, transportation, material aid, clean up of yards and debris and removal of destroyed furniture. These funds are provided in the same manner as Title IV above.

N.S.I.P. Program

Effective in April 2003, the program name for the USDA Cash-in-Lieu of Commodities was changed to Nutritional Services Incentive Program (N.S.I.P.) and the administration of the program has been moved from the U.S. Department of Agriculture to the U.S. Department of Health and Human Services. The N.S.I.P. is used to account for the administration of the Food Distribution Program funds provided by the U.S. Department of Health and Human Services 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.

Louisiana Senior Rx Program

Effective July 1, 2003, Capital Area Agency on Aging began operating the Louisiana Senior Rx Program. Funds are appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs and are "passed through" to Capital Area Agency on Aging. The Agency accounts for funds received for the administration and support of the program to link eligible seniors with assistance in obtaining their prescription medications. The program helps seniors complete applications to drug companies for free medicines or drug discount cards.

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.

Other Programs

Other 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, 2006

	UNRESTRICTED		TEMPORARILY RESTRICTED			
	LOCAL	TITLE III C-1 AAA	TITLE III-B	TITLE III C-1	TITLE III C-2	TITLE III-D
SUPPORT AND REVENUE						
Governmental:						
Federal grants passed through						
Governor's Office of Elderly Affairs	\$ -	\$ 134,148	\$ 389,439	\$ 368,720	\$ 253,453	\$ 28,461
State of Louisiana	-	39,354	192,465	116,240	427,625	-
Other:						
Entergy - Project Care	-	-	-	-	-	-
Helping Hands	-	-	-	-	-	-
Capital Area United Way - regular allocation	-	-	-	-	-	-
disaster assistance	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-
Interest	3,275	-	-	-	-	-
Other	25,781	-	-	-	171,437	-
	<u>29,056</u>	<u>173,502</u>	<u>581,904</u>	<u>484,960</u>	<u>852,515</u>	<u>28,461</u>
EXPENSES						
Administration:						
Salaries	-	150,627	-	-	-	4,361
Payroll tax and fringe benefits	-	37,224	-	-	-	596
Travel	337	7,886	-	-	-	-
Operating services	-	29,779	-	-	-	-
Operating supplies	446	3,565	-	-	-	-
Professional services	-	7,720	-	-	-	-
Other costs	592	1,484	-	-	-	284
	<u>1,375</u>	<u>238,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,241</u>
CATERED MEALS - MEALS PROGRAM						
Raw food	-	-	-	168,336	380,111	-
Labor and non-edibles	-	-	-	191,867	562,772	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,203</u>	<u>942,883</u>	<u>-</u>
Contracted social services:						
Alzheimer's Services of Capital Area	-	-	-	-	-	-
Ascension Council on Aging, Inc.	165	-	51,388	18,708	17,221	2,418
Assumption Council on Aging, Inc.	706	-	48,655	24,366	12,218	1,632
Capital Area Legal Services, Inc.	-	-	12,982	-	-	-
E. Feliciana Council on Aging, Inc.	-	-	48,275	13,754	33,277	1,630
Gulf Coast Family Teaching, Inc.	-	-	-	-	-	-
Iberville Council on Aging, Inc.	233	-	62,210	29,109	23,026	2,261
Pointe Coupee Council on Aging, Inc.	-	-	58,630	39,455	4,543	2,247
St. Helena Council on Aging, Inc.	60	-	24,321	9,795	24,196	1,363
Southeast La. Legal Services Corp.	-	-	10,746	-	-	-
Tangipahoa Council on Aging, Inc.	977	-	121,562	53,700	51,416	5,625
Washington Council on Aging, Inc.	5,306	-	81,775	40,207	48,307	3,497
W. B. R. Council on Aging, Inc.	75	-	36,510	10,810	4,422	1,314
W. Feliciana Council on Aging, Inc.	173	-	24,850	8,890	14,650	1,169
	<u>7,695</u>	<u>-</u>	<u>581,904</u>	<u>248,794</u>	<u>233,276</u>	<u>23,156</u>
Total expenses	<u>9,070</u>	<u>238,285</u>	<u>581,904</u>	<u>608,997</u>	<u>1,176,159</u>	<u>28,397</u>
Change in net assets before interfund transfers	19,986	(64,783)	-	(124,037)	(323,644)	64
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	63,624	-	124,037	323,644	-
Operating transfers out	-	-	-	-	-	-
	<u>-</u>	<u>63,624</u>	<u>-</u>	<u>124,037</u>	<u>323,644</u>	<u>-</u>
Change in net assets	19,986	(1,159)	-	-	-	64
NET ASSETS						
Beginning of year	52,885	(9,729)	-	-	-	(79)
End of year	<u>\$ 72,871</u>	<u>\$ (10,888)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15)</u>

TITLE III-E	TITLE IV ADRC	STATE PROGRAMS				OTHER PROGRAMS			TOTAL
		TITLE IV DISASTER ASSISTANCE	NSIP	LOUISIANA SENIOR Rx	ELDERLY PROTECTIVE	UNITED WAY	UTILITY RELIEF	OTHER	
\$ 167,365	\$ 148,957	\$ 29,999	\$ 306,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,827,342
55,788	-	-	-	197,530	296,113	-	-	-	1,325,115
-	-	-	-	-	-	-	62,671	-	62,671
-	-	-	-	-	-	-	71,936	-	71,936
-	-	-	-	-	-	153,198	-	-	153,198
-	-	-	-	-	-	52,360	-	-	52,360
539	-	-	-	-	-	-	-	-	539
-	-	30	-	-	-	-	-	-	3,305
-	-	118,627	-	-	-	250	-	31,000	347,095
<u>223,692</u>	<u>148,957</u>	<u>148,656</u>	<u>306,800</u>	<u>197,530</u>	<u>296,113</u>	<u>205,808</u>	<u>134,607</u>	<u>31,000</u>	<u>3,843,561</u>
-	18,993	-	-	118,286	109,342	-	-	-	401,609
-	2,452	-	-	30,603	14,169	-	-	-	85,044
-	1,856	-	-	2,136	11,401	-	-	-	23,616
-	9,134	113	-	35,650	19,899	-	-	-	94,575
-	6,644	-	-	4,044	1,048	-	-	-	15,747
-	1,237	-	-	3,507	1,725	-	-	-	14,189
544	1,859	29,269	-	3,974	630	344	-	15,643	54,623
<u>544</u>	<u>42,175</u>	<u>29,382</u>	<u>-</u>	<u>198,200</u>	<u>158,214</u>	<u>344</u>	<u>-</u>	<u>15,643</u>	<u>689,403</u>
-	-	-	-	-	-	-	-	-	548,447
-	-	-	-	-	-	-	-	-	754,639
-	-	-	-	-	-	-	-	-	1,303,086
6,306	-	-	-	-	-	-	-	-	6,306
3,000	-	53,383	-	-	-	-	33,119	-	179,402
3,150	-	8,829	-	-	-	-	9,689	-	107,245
-	-	-	-	-	147,620	-	-	-	160,602
750	-	1,272	-	-	-	136	6,789	-	105,863
198,863	-	8,117	-	-	-	-	-	-	206,980
1,200	-	8,789	-	-	-	-	18,463	-	145,291
3,989	-	6,051	-	-	-	8,256	7,019	-	130,190
1,350	-	1,343	-	-	-	-	8,790	-	71,218
-	-	-	-	-	-	-	-	-	10,746
2,400	-	3,598	-	-	-	-	27,633	-	266,911
1,200	-	505	-	-	-	-	7,457	-	188,254
1,350	-	2,863	-	-	-	-	13,645	-	70,989
134	-	1,419	-	-	-	-	2,256	-	53,541
<u>223,692</u>	<u>-</u>	<u>94,169</u>	<u>-</u>	<u>-</u>	<u>147,620</u>	<u>8,392</u>	<u>134,840</u>	<u>-</u>	<u>1,703,538</u>
<u>224,236</u>	<u>42,175</u>	<u>123,551</u>	<u>-</u>	<u>198,200</u>	<u>305,834</u>	<u>8,736</u>	<u>134,840</u>	<u>15,643</u>	<u>3,696,027</u>
(544)	106,782	25,105	306,800	(670)	(9,721)	197,072	(233)	15,357	147,534
-	-	-	-	113	10,211	-	-	-	521,629
-	-	(16,244)	(340,029)	-	-	(165,243)	-	(113)	(521,629)
-	-	(16,244)	(340,029)	113	10,211	(165,243)	-	(113)	-
(544)	106,782	8,861	(33,229)	(557)	490	31,829	(233)	15,244	147,534
1,745	-	-	149,977	7,903	(3,210)	148,777	233	10,700	359,202
<u>\$ 1,201</u>	<u>\$ 106,782</u>	<u>\$ 8,861</u>	<u>\$ 116,748</u>	<u>\$ 7,346</u>	<u>\$ (2,720)</u>	<u>\$ 180,606</u>	<u>\$ -</u>	<u>\$ 25,944</u>	<u>\$ 506,736</u>

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF CHANGES IN FIXED ASSETS
June 30, 2006**

	Balance June 30, 2005	Reclass- ifications	Additions	Deletions	Balance June 30, 2006
FIXED ASSETS					
Computer and related equipment	\$ 14,314	\$ -	7,075	-	\$ 21,389
Office equipment	18,245	-	11,644	4,659	25,230
Furniture and fixtures	3,421	-	-	-	3,421
TOTAL FIXED ASSETS	<u>35,980</u>	<u>-</u>	<u>18,719</u>	<u>4,659</u>	<u>50,040</u>

	\$	-	\$	-	\$
INVESTMENT IN FIXED ASSETS					
Title III C-1 Area Agency Administration	\$ 10,572	-	-	-	\$ 10,572
State Adult Protective Services	2,413	-	-	-	2,413
Title III-E National Caregiver Support Louisiana Senior Rx	2,867	-	-	-	2,867
Title IV - Aging and Disability Resource Center Local	7,794	-	18,719	4,659	3,135
	-	-	-	-	18,719
	12,334	-	-	-	12,334
TOTAL INVESTMENT IN FIXED ASSETS	<u>\$ 35,980</u>	<u>-</u>	<u>\$ 18,719</u>	<u>\$ 4,659</u>	<u>\$ 50,040</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2006

<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	\$ 389,439	\$ 389,439	\$ 389,439
Title III, Part C-Area Agency Administration	93.045	134,148	134,148	134,148
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	368,720	368,720	368,720
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	253,453	253,453	253,453
Total Title III, Part C	93.045	<u>756,321</u>	<u>756,321</u>	<u>756,321</u>
Title III, Part D Disease Prevention and Health Promotion Services	93.043	28,461	28,461	28,397
Title III, Part E Caregiver Support	93.052	167,365	167,365	167,365
Title IV - AOA Disaster Relief	93.048	29,999	29,999	29,999
Title IV - Aging and Disability Resource Center	93.048	223,435	148,957	42,176
Nutritional Services Incentive Program	93.053	306,800	306,800	306,800
		<u>\$ 1,901,820</u>	<u>\$ 1,827,342</u>	<u>\$ 1,720,497</u>

Note A: Schedule prepared using accrual basis of accounting.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE 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 financial statements of Capital Area Agency on Aging - District II, Inc., as of and for the year ended June 30, 2006, and have issued our report thereon dated October 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Continued...

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 that reads "L.A. Champagne & Co. LLP". The signature is written in black ink and is positioned above the date.

October 25, 2006

L. A. CHAMPAGNE & CO., L.L.P.

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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 each of its major federal programs for the year ended June 30, 2006. 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 each of its major federal programs is the responsibility of the management of Capital Area Agency on Aging - District II, Inc. 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, 2006.

Continued...

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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.


October 25, 2006

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006

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 reportable conditions relating to the audit of the financial statements are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the 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
8. The threshold for distinguishing Types A and B programs was \$300,000.
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.