

CENLA COMMUNITY ACTION COMMITTEE, INC.

FINANCIAL STATEMENTS

MARCH 31, 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 10-9-06

Terrie L. Jackson
Certified Public Accountants

CENLA COMMUNITY ACTION COMMITTEE, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF THE FINANCIAL STATEMENTS	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL COSTS	6
NOTES TO THE FINANCIAL STATEMENTS	7-13
 <u>SUPPLEMENTAL INFORMATION</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16-17
REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133	18-19
STATUS OF PRIOR AUDIT FINDINGS	20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21-22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR LOUISIANA LEGISLATIVE AUDITOR	23-25

Terrie L. Jackson
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Houston Chapter, Texas Society of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Cenla Community Action Committee, Inc. (Cenla) as of March 31, 2006, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Cenla Community Action Committee, Inc.'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 of America. 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 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 Cenla Community Action Committee, Inc. as of March 31, 2006, and the changes in its net assets and its 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 our report dated September 22, 2006 on our consideration of Cenla Community Action Committee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Tom Jackson", written in a cursive style.

Houston, Texas
September 22, 2006

Cenla Community Action Committee, Inc.
Statement of Financial Position
March 31, 2006

	<u>2006</u>
Assets	
Current assets	
Cash	\$ 219,615
Grants receivable	372,567
Prepaid expenses	32,091
Others assets	<u>2,338</u>
Total current assets	626,611
Property and Equipment	
Furniture, fixtures, equipment	997,822
Vehicles	947,184
Building	1,525,492
Land	45,225
Less accumulated depreciation	<u>(1,730,785)</u>
Net property and equipment	1,784,938
Total assets	<u>\$ 2,411,549</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 208,492
Accrued liabilities	203,889
Deferred revenues	150,914
Refundable advances	<u>-</u>
Total current liabilities	563,295
Noncurrent liabilities	
Notes payable	<u>824,802</u>
Total liabilities	1,388,097
Net assets	
Unrestricted	1,023,452
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	1,023,452
Total liabilities and	
net assets	<u>\$ 2,411,549</u>

See accompanying notes.

Cenla Community Action Committee, Inc.
Statement of Activities
For the Year Ended March 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>
<u>Revenues, gains, and other support:</u>				
Grant funds	\$ -	\$ 7,391,049	\$ -	\$ 7,391,049
Interest	-	-	-	-
Local	11,593	-	-	11,593
Senior Citizens	60,266	-	-	60,266
Other	2,572	-	-	2,572
	<u>74,431</u>	<u>7,391,049</u>	<u>-</u>	<u>7,465,480</u>
<u>Net assets released from restriction:</u>				
Satisfaction of program restrictions	7,152,073	(7,152,073)	-	-
Satisfaction of capital acquisition	174,887	(174,887)	-	-
Mortgage payments	64,089	(64,089)	-	-
Expiration of time restrictions	-	-	-	-
	<u>7,391,049</u>	<u>(7,391,049)</u>	<u>-</u>	<u>-</u>
Total unrestricted revenues, gains, and other support	7,465,480	-	-	7,465,480
<u>Expenses and losses:</u>				
Head Start and Early Head Start Grant	5,996,575	-	-	5,996,575
Child and Adult Care Food Program	531,853	-	-	531,853
Community Services Block Grant	446,071	-	-	446,071
Home Energy Assistance	308,200	-	-	308,200
TANF	-	-	-	-
Senior Citizens	33,045	-	-	33,045
Client Assistance	22,065	-	-	22,065
Total expenses and losses	<u>7,337,809</u>	<u>-</u>	<u>-</u>	<u>7,337,809</u>
Changes in net assets:	127,671	-	-	127,671
Net assets at beginning of year	<u>895,781</u>	<u>-</u>	<u>-</u>	<u>895,781</u>
Net assets at end of year	<u>\$ 1,023,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,452</u>

See accompanying notes.

Cenla Community Action Committee, Inc.
Statement of Cash Flows
For the Year Ended March 31, 2006

	<u>2006</u>
<u>Cash flows from operating activities:</u>	
Cash received from grants	\$ 7,410,412
Cash paid to employees and suppliers	(7,107,030)
Interest received	-
Interest paid	(67,078)
Net cash provided (used) by operating activities	236,304
<u>Cash flows from investing activities:</u>	
Capital purchases	(174,887)
Other	(17,196)
Net cash provided (used) by investing activities	(192,083)
<u>Cash flows from financing activities:</u>	
Increase (Decrease) in notes payable	(64,089)
Other	-
Net cash provided (used) by financing activities	(64,089)
Net increase (decrease) in cash	(19,868)
Cash at beginning of year	239,483
Cash at end of year	\$ 219,615
<u>Reconciliation of change in net assets</u> <u>to net cash provided by operating activities:</u>	
Change in net assets	\$ 127,671
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	140,947
Non Cash Donations	-
Change in receivables	(55,068)
Change in accounts payables	22,754
Net cash provided (used) by operating activities	<u>\$ 236,304</u>

Cenla Community Action Committee, Inc.
Statement of Functional Expenses
March 31, 2006

Expenses:	Early and Regular Head Start	Child and Adult Care Food	Community Services	Energy	TANF	Senior Citizens	Other General Services	2006 TOTAL
Personnel	\$ 3,463,790	\$ 179,558	\$ 287,917	\$ 44,239	\$ -	\$ -	\$ -	\$ 3,975,505
Fringe benefits	1,120,051	169,240	67,680	13,114	-	-	-	1,370,085
Travel	19,707	3,210	20,189	1,080	-	-	778	44,965
Equipment	-	-	2,520	875	-	-	-	3,395
Supplies	178,949	18,036	8,533	-	-	-	21	205,539
Occupancy	134,512	-	3,731	-	-	275	-	138,518
Contractual	94,304	2,196	-	-	-	-	-	96,500
Telephone	33,961	-	8,191	-	-	57	157	42,366
Utilities	170,578	-	8,126	-	-	-	-	178,704
Insurance	122,510	-	-	-	-	-	-	122,510
Vehicle operation	17,282	-	-	-	-	-	-	17,282
Maintenance	176,689	11,913	1,980	-	-	309	-	190,892
Office expense	4,476	-	-	935	-	-	-	5,412
Professional service	49,527	-	4,472	271	-	349	-	54,619
Food and supplies	148,691	143,644	-	-	-	1,148	9,438	302,922
Interest expense	67,078	-	-	-	-	-	-	67,078
Miscellaneous	53,698	-	15,299	-	-	-	-	68,997
Client assistance	-	-	6,315	245,240	-	29,416	11,446	292,417
Other	5,565	3,873	8,005	-	-	1,490	225	19,159
Total	\$ 5,861,368	\$ 531,670	\$ 442,959	\$ 305,754	\$ -	\$ 33,045	\$ 22,065	\$ 7,196,862
Depreciation	135,206	183	3,112	2,446	-	-	-	140,947
Total	\$ 5,996,574	\$ 531,853	\$ 446,071	\$ 308,200	\$ -	\$ 33,045	\$ 22,065	\$ 7,337,809

See accompanying notes.

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Program Description -

The Cenla Community Action Committee, Incorporated was incorporated by the State of Louisiana on September 27, 1971. Specifically, the corporation is organized to:

- A. promote and develop economic opportunity in the community comprising all of the Parish of Rapides and the State of Louisiana,
- B. provide services, directly and indirectly to those in need of increased economic opportunity,
- C. promote the education and welfare of the people of the community and State of Louisiana,
- D. provide decent housing that is affordable to low and moderate income people or homeless individuals,
- E. to mobilize such human and financial resources as may be available to combat poverty and economic instability in the community and the State of Louisiana, and
- F. to avail itself and the community of the benefits conferred by Public Law 88-452, 78 stat. 508, as may be periodically amended and supplemented by other statutes and by appropriate rules and regulations of any administrative body.

Cenla's operations are segregated into general grant programs as follows:

Head Start Program (HS) provides comprehensive educational and support services to low-income and disabled children three to five years of age and children who have not reached the compensatory school age. This program provides health, mental health, nutrition, education and parent involvement services to children in an effort to enable the child to function at an optimum level in their environment.

Early Head Start Program (EHS) provides similar services as Head Start to children zero to three years of age. Cenla operates Head Start and Early Head Start centers in Rapides Parish. The goal of the program is to bring about a greater depth of social competence in children by considering the total development of the child, to enable parents to become better caregivers and teachers to and for their children, and to assist parents in obtaining their personal goals including education and economic independence. Funding is provided through federal funds from the U.S. Department of Health and Human Services.

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Child and Adult Care Food Program (CACFP) provides a food service program in conjunction with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (CSBG) provides administrative costs for various programs in order to provide assistance to low-income, disadvantaged and unemployed persons through providing emergency assistance, transportation services, housing services, nutrition services, community projects, employment services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Home Energy Assistance Program (LIHEAP) provides assistance to low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Senior Citizens Program provides funding to meet various needs of senior citizens of Rapides Parish. Funding is provided by an ad valorem tax passed through the Rapides Parish Police Jury.

Reporting Entity - The governing body of Cenla is its Board of Directors. The Board appoints an Executive Director to administer the affairs of the agency. Cenla is not considered a component of the city, county or any governmental body. The governing board independently oversees the agencies operations.

- 1) The accompanying financial statements include all of the organization's programs, activities and functions of Cenla for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.
- 2) Some equipment is owned by Cenla while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds, therefore its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

NOTE 2: BASIS OF ACCOUNTING

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. Cenla uses the accrual basis of accounting.

Financial Statement Presentation - The financial statements are presented as recommended by Financial Accounting Standards Board's Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires the

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

agency to report information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Revenue and Support – Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

Cenla reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment – It is the Cenla's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulation regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Cenla recognizes depreciation on its fixed assets in accordance with generally accepted accounting principles. The Federal government has a reversionary interest in property purchased with Federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source. Fixed assets are depreciated using the straight-line method as follows:

<u>Fixed Asset</u>	<u>Useful Life</u>	<u>Method</u>
Buildings	30 years	Straight-line
Furniture, fixtures, equipment	5 – 10 years	Straight-line
Vehicles	5 years	Straight-line

Depreciation expense for the year ended March 31, 2006 totaled \$140,947.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, Cenla considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cenla had no cash equivalents at March 31, 2006.

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Use of Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported revenues and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Income Taxes – Cenla is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation.

Contributed Services – During the year ended March 31, 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Agency at the Head Start and Early Head Start facilities in meeting their non federal share requirement, but these services do not meet the criteria for recognition as contributed services.

NOTE 3: PROGRAM EXPENSES

Net assets were released from grantor restrictions by incurred expenses satisfying the restricted purposes or by occurrence of other events specified by funding sources.

Purpose restrictions accomplished:

Head Start & Early Head Start Program	\$6,100,345
Child and Adult Care Food Program	531,853
Community Services Block Grant	446,071
Home Energy Assistance	304,638
Federal Emergency Management Assist.	<u>8,326</u>
Total	\$7,391,049

NOTE 4: LEASE COMMITMENTS

Cenla leases several buildings and certain operating equipment under operating leases. Rent expense for the year ended March 31, 2006 was \$98,631.

NOTE 5: NOTES PAYABLE

Cenla had notes payable in the amount of \$824,802 at year-end. These notes were netted against fixed assets.

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Notes payable consists of the following at March 31:

	<u>2006</u>
Loan payable, Peoples State Bank, maturity December 14, 2007, interest at 8.75%, monthly payments of \$2,500.00 including interest, with one balloon payment at maturity collateralized by buildings	\$ 197,584
Loan payable, Peoples State Bank, maturity March 23, 2014, interest at 7.5%, monthly payments of \$4,558.19 including interest, with one balloon payment at maturity collateralized by building	449,222
Loan payable, Peoples State Bank, maturity December 15, 2013, interest at 7.5%, monthly payments of \$1,825.06 including interest, with one balloon payment at maturity collateralized by buildings	<u>177,996</u>
Total	824,802
Less current portion	<u>(43,115)</u>
Long-term portion	\$ 781,687

Interest expense related to the notes for the year totaled \$67,078.

Future maturities of long-term debt as of March 31, 2006 are as follows:

Year ended March 31,	<u>Approximate Amount</u>
2008	\$216,141
2009	34,870
2010	37,605
2011	40,554
2012	43,672
Thereafter	<u>408,845</u>
Total	\$781,687

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 6: CONCENTRATION OF CREDIT RISK

Cenla received over 90% of its funding from Federal and State grants with the Head Start program providing over 81% of all grant revenues.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of March 31, 2006, Cenla had no significant concentrations of credit risk in relation to grant receivables.

Cenla maintains cash balances at several financial institutions located in the Alexandria area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash balances held at financial institutions was \$303,117 at March 31, 2006. Of this amount, \$274,157 was secured by FDIC and \$28,960 was collateralized by pledged securities.

NOTE 7: PENSION

Cenla participates in a qualified 403(b) plan for all eligible employees. Employees eligible to participate may contribute \$9,500 or 20% of their annual salary to the plan. Cenla will match the employees' contributions up to 5% of the employees' gross wages. The assets of the plan are managed by separate directors and are not included in these financial statements. Cenla contributed \$114,087 to the plan for the year ended March 31, 2006.

NOTE 8: CONTINGENCY

Employees of the agency are entitled to annual leave depending on job classification, length of service and other factors. Cenla's policy is to pay one year accumulated annual leave, not to exceed one hundred forty-four hours, if funds are available. Accordingly, no liability has been recorded in the accompanying statement of financial position. Cenla agrees to recognize the costs of compensated absences when actually paid.

NOTE 9: RESTATEMENT OF PRIOR YEAR NET ASSETS

Restatement of Beginning Net Assets

Beginning Balance	\$879,350
Net Adjustment of Grant Receivable and Accounts Payable and Elimination of Interfund Accounts	<u>16,431</u>

CENLA COMMUNITY ACTION COMMITTEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Restated Beginning Net Assets	<u>\$895,781</u>
Prior Change in Net Assets	\$(43,799)
Increase in Head Start Revenue	225,176
Less Related Expenses	<u>(164,946)</u>
Net Adjustment to Net Assets	<u>\$ 16,431</u>

SUPPLEMENTAL INFORMATION

CENLA COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2006

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA <u>Number</u>	Agency or Pass-through <u>Number</u>	Federal <u>Expenditures</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program			
Head Start Program	93.600	06CH5002/40	\$ 6,100,345
Passed through Louisiana Department of Labor			
Community Services Block Grant (2005N0014)	93.569	2005N0014	298,402
Community Services Block Grant (2006N0014)	93.569	2006N0014	147,669
Passed through Louisiana Housing Finance Agency			
Home Energy Assistance Program	93.568	Unknown	304,638
Total U.S. Department of Health and Human Services			<u>6,851,054</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
Passed through a local governing board			
Emergency Food and Shelter Program	97.024	N/A	<u>8,325</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Louisiana Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>531,670</u>
Total Federal Expenditures			<u>\$ 7,391,049</u>

RECONCILIATION OF FINANCIAL STATEMENT EXPENSES TO FEDERAL EXPENDITURES

EXPENSES FROM FINANCIAL STATEMENTS	\$ 7,337,809
Less: Non federal expenses	(44,789)
Depreciation	(140,947)
Add: Mortgage payments	64,089
Equipment acquisition	174,887
Total Federal Expenditures	<u>\$ 7,391,049</u>

See accompanying notes.

Cenla Community Action Committee, Inc.
Notes to Schedule of Expenditures of Federal Awards
March 31, 2006

Basis of Presentation – Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of Cenla Community Action Committee, Inc. and is presented on the accrual basis of accounting. The information 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 certain amounts presented in this schedule may differ from amounts presented or used in the financial statements.

Cenla is able to reconcile the amounts on the accompanying schedule of federal awards to those on the financial statements.

Terrie L. Jackson
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Houston Chapter, Texas Society of CPAs
Society of Louisiana CPAs

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

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the financial statements of Cenla Community Action Committee, Inc. (Cenla) as of and for the year ended March 31, 2006, and have issued our report thereon dated September 22, 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 Cenla'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2006-1. We also noted certain immaterial instances of noncompliance, which we have reported to management of Cenla Community Action Committee, Inc., in a separate management letter dated September 22, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cenla's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cenla's ability to record, process, summarize, and report financial data consistent with the

assertions of management in the financial statements. A reportable condition for the previous year is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of Cenla in a separate letter dated September 22, 2006.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Houston, Texas

September 22, 2006

Terrie L. Jackson
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Houston Chapter, Texas Society of CPAs
Society of Louisiana CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Compliance

We have audited the compliance of The Council 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 March 31, 2006. The Cenla Community 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 Cenla's management. Our responsibility is to express an opinion on Cenla'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 Cenla'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 of Cenla's compliance with those requirements.

As described in item 2006-1 in the accompanying schedule of findings and questioned costs, Cenla Community Action Committee, Inc. did not comply with reporting requirements that are applicable to the Head Start and Early Head Start Programs for the previous year. Compliance

with such requirements is necessary, for Cenla to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Cenla Community 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 March 31, 2006.

Internal Control Over Compliance

The management of Cenla is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cenla's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Cenla's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

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

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Houston, Texas
September 22, 2006

Cenla Community Action Committee, Inc.
Status of Prior Audit Findings
March 31, 2006

2005-C1

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start and Early Head Start
Programs CFDA #93.600

Finding:

It was previously reported that the agency had not performed a physical inventory during the past two years.

Recommendation:

It was recommended that the agency establish adequate controls to ensure compliance with the equipment and real property management requirements, including performing a physical inventory at least once every two years and reconciling the results of the physical inventory to the equipment records.

Current Status:

A physical inventory was conducted during July 2005.

CENLA COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified that are not considered to be material weakness?

None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified that are not considered to be material weaknesses?

Yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

CFDA Numbers

93.600 (Head Start and Early Head Start Program)

10.558 (Child & Adult Care Food Program)

93.569 (Community Services Block Grant)

93.568 (Home Energy Assistance Program)

Dollar threshold used to distinguish between type A and type B programs:
\$300,000

Auditee qualified as low-risk auditee? No

CENLA COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

(Continued)

Section II-Financial Statement Findings

None reported

Section III-Federal Award Findings and Questioned Costs – Major Programs

2006-1 Finding

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start and Early Head Start Programs
CFDA #93.600, Year Ended March 31, 2005

Statement of Condition:

During our audit, we noted that the prior years SF 269 did not reconcile to the books of original entry and did not reconcile to the SF 272 for the period. The agency under reported the federal expenditures on the Schedule of Expenditures of Federal Awards for the year ended March 31, 2005. This condition did not exist for the year ended March 31, 2006.

Effect of Condition:

Agency was not in compliance with the reporting requirement for this major program.

Cause:

Review and reconciliation of reports were not performed. This was also due to turnover in staff.

Recommendation:

We recommend that the agency reconcile the reports.

Response:

We the agency, amended the final SF 269 and SF 272 for the year ending March 31, 2005 to reconcile the reports to the prior year's audit. During this years audit it was determined that the prior year needed to be restated. This restatement of the prior year expenditures resulted in the condition of the reports being understated. Actions will be taken to reconcile the reports to the restated expenditures and amended official reports will be filed as required.

All SF 269 and SF 272 reports for the ensuing year have been and will continue to be reconciled to each other and to the books of original entry.

Cenla Community Action Committee, Inc.
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
For the Year Ended March 31, 2006

There were no reportable conditions in relation to the financial statements for the prior audit period ended March 31, 2005.

There was one finding relating to major federal awards programs for the prior audit period ended March 31, 2005. The current status of those findings is reported in the accompanying Status of Prior Audit Findings.

2005-C1

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start and Early Head Start
Programs CFDA #93.600

Finding:

It was previously reported that the agency had not performed a physical inventory during the past two years.

Recommendation:

It was recommended that the agency establish adequate controls to ensure compliance with the equipment and real property management requirements, including performing a physical inventory at least once every two years and reconciling the results of the physical inventory to the equipment records.

Current Status:

Physical inventory was conducted during July 2005.

Cenla Community Action Committee, Inc.
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
For the Year Ended March 31, 2006
(Continued)

Prior year management letter comments are addressed below:

Comment #1: Lease Agreements

It was previously reported that information pertaining to the various leases paid during the year was not readily available.

Current Status:

Lease agreements were readily available.

Comment #2: Travel Reconciliations

It was previously reported that reconciliations of travel advances to actual travel expenditures were not completed on a timely basis, and amounts due from employees were not remitted and deposited on a timely basis. In addition, travel agendas or other documentation to substantiate the purpose of travel was not always attached to the travel reconciliations.

Current Status:

Improvement was noted.

Comment #3: Expense Allocations

It was previously reported that the agency's cost allocation plan used in allocating costs to the various programs of the agency had not been updated in several years.

Current Status:

Cost allocation plan has been updated.

Comment #4: Check Issuance

It was previously reported that checks were being returned to the accounting department personnel that prepared the checks for mailing after necessary signatures had been obtained.

Current Status:

Improvement was noted.

Cenla Community Action Committee, Inc.
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
For the Year Ended March 31, 2006
(Continued)

Comment #5: Liheap Program Deficit

Prior year audit reported that the Liheap Program had a cumulative operating deficit of \$(10,809).

Current Status:

At fiscal year end this condition still existed. Improvement was noted as of the audit report date and it is anticipated that the deficit balance will not exist at the end of the current fiscal year due to the change in policy for administering administrative expenses in order to eliminate the deficit.

Comment #6: Payroll Allocations

It was previously reported that certain employees' time was allocated to more than one program. For some of those employees, the allocation between programs was not documented on the time sheets or otherwise documented to substantiate the allocation of pay to the various programs.

Current Status:

Allocation is now documented on attendance worksheets and time calculation worksheets.

Comment #7: Payroll Documentation

It was previously reported that the pay rate authorization forms utilized by the agency did not always document the percentage of allocation of pay between programs. It was also noted that amounts being deducted from employee checks were not always in agreement with the written authorizations signed by employees.

Current Status:

Condition no longer exists.

Comment #8: Head Start Reports

It was previously reported that the agency did not retain complete supporting documentation for amounts reported on the SF 272 and 269 reports for the Head Start Program.

Current Status:

Supporting documentation is retained for these reports.



TERRIE L. JACKSON

Certified Public Accountants

P. O. Box 31873

Houston, TX 77231-1873

(713) 728-0650

September 22, 2006

To the Senior Management and
Board of Directors of
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Re: Management Letter for the Year Ended March 31, 2006

In planning and performing our audit of the financial statements of Cenla Community Action Committee, Inc. for the year ended March 31, 2006, we considered the Agency's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 caused by error or fraud 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. However, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. These comments have been discussed with the appropriate members of management.

Item 1: Finance Charges and Late Payment Fees

During our audit, we noted that some invoices contained finance charges and/or late payment fees.

Recommendation:

We recommend that all payments are made by the due date in order to avoid these charges.

Agency's Response:

A new system has been implemented in order to alleviate these finance charges and/or late payments. All credit card and charge account statements are now first received by the Finance Manager. Each statement is recorded in the statement log with date received and due date. Each statement is then forwarded to the person responsible for reconciling receipts and approval of payment. The statement log is tracked daily by the Finance Manager to insure that payments are processed timely.

Item 2: Mortgage Payments

During our audit, we noted that the entire amount of the monthly note (principal and interest) was being expensed.

Recommendation:

We recommend that only interest be expensed and principal be recorded as a reduction to the mortgage payable. The entire amount of the mortgage must be included for budget compared to actual expenditure reports and SF 269 report.

Agency's Response:

We, the agency, had been directed by a previous consultant to record the mortgage payments in such a manner. We will immediately begin to record the payments correctly according to the lenders amortization schedules.

Item 3: Head Start Reports

We noted that the prior years SF 269 did not reconcile to the books of original entry and did not reconcile to the SF 272 for that period.

Recommendation:

We recommend that the agency reconcile these reports.

Agency's Response:

We the agency, amended the final SF 269 and SF 272 for the year ending March 31, 2005 to reconcile the reports to the prior year's audit. During this years audit it was determined that the prior year needed to be restated. This restatement of the prior year expenditures resulted in the condition of the reports being understated. Actions will be taken to reconcile the reports to the restated expenditures and amended official reports will be filed as required.

All SF 269 and SF 272 reports for the ensuing year have been and will continue to be reconciled to each other and to the books of original entry.

If you need assistance or consultation in the implementation of the above items we are available to assist you. Thank you for the opportunity to provide services to the agency. We also thank the staff for their assistance during the audit.

This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

Sincerely,

A handwritten signature in black ink, appearing to read "Terrie L. Jackson", with a stylized flourish at the end.

Terrie L. Jackson, CPA



**CENLA COMMUNITY ACTION COMMITTEE, INC.
(CCAC)**

1335 Jackson Street
Alexandria, Louisiana 71301-6930
Phone (318) 487-5878 Fax (318) 487-5858

Raymond Jack
President, Board of Directors

Joan A. Lee
Executive Director

September 22, 2006

Terric L. Jackson
P.O. Box 31873
Houston, Texas 77231-1873

Dear Ms. Jackson:

Reference and in response to your audit finding and management letter items for the period ending March 31, 2006, the following is a report of remedial action taken or to be taken as a result of the finding and items:

Section III-Federal Award Findings and Questioned Costs-Major Programs

HEADSTART AND EARLY HEAD START PROGRAMS

Statement of Condition: During our audit, we noted that the prior years SF 269 did not reconcile to the books of original entry and did not reconcile to the SF 272 for the period. The agency under reported the federal expenditures on the Schedule of Expenditures of Federal Awards for the year ending March 31, 2005.

Response: We, the agency, amended the final SF 269 and SF 272 for the year ending March 31, 2005 to reconcile the reports to the prior year's audit. During this year's audit it was determined that the prior year need to be restated. This restatement of the prior year expenditures resulted in the condition of the reports being understated. Actions will be taken to reconcile the reports to the restated expenditures and amended official reports will be filed as required.

All SF 269 and SF 272 reports for the ensuing years have been and will continue to be reconciled to each other and to the books of original entry.

Management Letter

FINANCE CHARGES AND LATE PAYMENT FEES

Comment: During our audit, we noted that some invoices contained finance charges and/or late payment fees.

Response: A new system has been implemented in order to alleviate these finance charges and/or late payments. All credit card and charge account statements are now first received by the Finance Manager. Each statement is recorded in the statement log with date received and due date. Each statement is then forwarded to the person responsible for reconciling receipts and approval of payment. The statement log is tracked daily by the Finance Manager to insure that payments are processed timely.

The Community Action Agency of Rapides Parish
Equal Opportunity Employer/Program
Auxiliary Aids and Services Are Available on Request to Individuals with Disabilities
LA Relay Service @ 18008465377(TDD)

MORTGAGE PAYMENTS

Comment: During our audit, we noted that the entire amount of the monthly note (principal and interest) was being expensed.

Response: We, the agency, had been directed by a previous consultant to record the mortgage payments in such a manner. We will immediately begin to record the payments correctly according to the Lenders amortization schedules.

HEAD START REPORTS

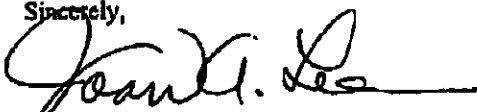
Comment: During our audit, we noted that the prior years SF 269 did not reconcile to the books of original entry and did not reconcile to the SF 272 for that period.

Response: We, the agency, amended the final SF 269 and SF 272 for the year ending March 31, 2005 to reconcile the reports to the prior year's audit. During this year's audit it was determined that the prior year need to be restated. This restatement of the prior year expenditures resulted in the condition of the reports being understated. Actions will be taken to reconcile the reports to the restated expenditures and amended official reports will be filed as required.

All SF 269 and SF 272 reports for the ensuing years have been and will continue to be reconciled to each other and to the books of original entry.

If you need any additional information, please do not hesitate to contact me via telephone at 318-487-5860, via facsimile 318-484-2176 or via e-mail at msjoanlee@yahoo.com or you may contact our Finance Manager, Becky White, via telephone at 318-487-5470, via facsimile 318-487-5858 or via e-mail at blrvan9022@yahoo.com.

Sincerely,



Joan A. Lee
Executive Director

JAL/blr

Cc: Raymond Jack, Board President