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

**Financial Statements With Auditors' Report**

**As of and for the Years Ended December 31, 2004 and 2003  
With Supplemental Information Schedules**

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

Release Date 7-13-05

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5 – 6
Notes to Financial Statements	7 – 17
<b>Combining Schedules</b>	
Combining Schedule of Financial Position	18 – 20
Combining Schedule of Activities	21 – 23
<b>Supplemental Information Schedules For Grants and Contracts Analysis</b>	
Head Start Grant No. 06CH0402/13 For the Contract Period: December 1, 2003 to November 30, 2004	25
Foster Grandparents Program For the Contract Period: January 1, 2004 to December 31, 2004	26
Retired Senior Volunteer Program For the Contract Period: July 1, 2003 to June 30, 2004	27

(Continued)

Table of Contents  
(Continued)

	<u>Page No.</u>
<b>Schedule of Expenditures of Federal Awards</b>	28 – 30
<b>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></b>	31 – 32
<b>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133</b>	33 – 34
<b>Summary Schedule of Prior Audit Findings</b>	35
<b>Schedule of Findings and Questioned Costs</b>	36 – 37
<b>Schedules for the Louisiana Legislative Auditor:</b>	
Summary Schedule of Prior Audit Findings	38
Corrective Action Plan of Current Year Audit Findings	39

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## Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Quad Area Community Action Agency, Inc. (a nonprofit organization), as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Quad Area Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of La Posada Apartments, RHS Project, which statements reflect total assets of \$1,964,651 as of December 31, 2004, and total support and revenues of \$201,902 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for La Posada Apartments, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Quad Area Community Action Agency, Inc., as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2005, on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying supplemental information schedules shown on pages 18-23, are presented for the purpose of additional analysis and are not a required part of the financial statements of Quad Area Community Action Agency, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules For Grants and Contracts Analysis" in the table of contents and shown on pages 25-27, are presented for the purpose of providing various funding sources of Quad Area Community Action Agency, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Quad Area Community Action Agency, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously and shown on pages 25-27 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart  
Certified Public Accountants  
May 20, 2005

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Financial Position  
December 31, 2004 and 2003

Assets	2004	2003
Current assets:		
Cash	\$ 144,516	\$ 145,411
Grant receivables	476,566	210,734
Other receivables	18,393	805
Prepaid expenses	7,758	4,393
Due from other funds	412,541	628,437
Total current assets	<u>1,059,774</u>	<u>989,780</u>
Restricted deposits and funded reserves	<u>69,977</u>	<u>41,900</u>
Property and equipment	5,385,356	5,141,514
Accumulated depreciation	(991,943)	(775,509)
Net property and equipment	<u>4,393,413</u>	<u>4,366,005</u>
Total Assets	<u><u>\$ 5,523,164</u></u>	<u><u>\$ 5,397,685</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 316,600	\$ 135,651
Accrued liabilities	96,925	55,084
Due to other funds	412,541	628,437
Current portion of long-term debt	711,541	2,129,118
Refundable advances	101,696	63,905
Total current liabilities	<u>1,639,303</u>	<u>3,012,195</u>
Deposits and prepayment liabilities:		
Tenant's security deposits	<u>5,850</u>	<u>5,400</u>
Long-term debt	<u>2,610,704</u>	<u>1,425,812</u>
Total liabilities	<u>4,255,857</u>	<u>4,443,407</u>
Net assets:		
Unrestricted:		
Operating - undesignated	(316,506)	(299,554)
Designated	69,977	41,900
Fixed assets	<u>1,513,836</u>	<u>1,211,932</u>
Total net assets	<u>1,267,307</u>	<u>954,278</u>
Total Liabilities and Net Assets	<u><u>\$ 5,523,164</u></u>	<u><u>\$ 5,397,685</u></u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Activities  
For the Years Ended December 31, 2004 and 2003

	Unrestricted	
	2004	2003
Revenues and Other Support:		
Contractual revenue - grants	\$ 5,534,556	\$ 5,193,518
Rents	12,984	6,642
Rental assistance subsidy	180,768	181,000
Fees earned	125,558	140,242
Miscellaneous revenues	296,055	238,619
Total revenues and other support	6,149,921	5,760,021
Expenses:		
Home energy assistance	74,836	290,025
Community services	1,123,242	1,323,061
Weatherization assistance	94,189	243,210
Head start program	1,157,965	1,096,452
St. Amant learning	22,662	62,781
Drug Free	15,266	
Children's trust fund		2,505
Child nutrition	112,512	117,882
Fame 1st	1,223	304,674
After school for all	329,642	292,973
Foster grandparents program	472,466	473,856
Retired senior volunteer program	58,066	53,618
Emergency assistance	50,493	55,000
Rental housing project	216,224	170,443
Veterans assistance programs	327,345	
Teen pregnancy prevention program II		107,872
Literacy education	88,906	65,019
Emergency shelter grants	57,507	68,203
Man to man		236,369
Teen pregnancy prevention program	485,490	329,495
EL / Civics	40,866	41,030
21st Century	2,720	
Possibilities for a Better Tomorrow	608,414	
General services	496,858	418,430
Total expenses	5,836,892	5,752,898
Changes in net assets	313,029	7,123
Net assets, beginning of year	954,278	947,155
Net assets, end of year	\$ 1,267,307	\$ 954,278

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Cash Flows  
For the Years Ended December 31, 2004 and 2003

Operating Activities	2004	2003
Change in net assets	\$ 313,029	\$ 7,123
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	218,033	182,884
(Gain) on retirement of property and equipment		(11,950)
(Increase) decrease in operating assets:		
Grant receivables	(265,832)	148,769
Other receivables	(17,588)	(805)
Prepaid expense	(3,365)	(3,389)
Restricted deposits and funds	(28,077)	(27,593)
Increase (decrease) in operating liabilities:		
Accounts payable	180,949	(103,708)
Accrued liabilities	41,841	37,892
Tenants security deposits	450	(300)
Refundable advances	37,791	(254,205)
Net cash provided (used) by operating activities	<u>477,231</u>	<u>(25,282)</u>
Investing Activities		
Proceeds from sale of property		80,950
Payments for property and equipment	(231,909)	(29,406)
Net cash provided (used) in investing activities	<u>(231,909)</u>	<u>51,544</u>
Financing Activities		
Proceeds from notes payable	264,452	278,950
Repayments of long-term debt	(510,669)	(402,874)
Net cash (used) by financing activities	<u>(246,217)</u>	<u>(123,924)</u>
Net (decrease) in cash	(895)	(97,662)
Cash as of beginning of year	<u>145,411</u>	<u>243,073</u>
Cash as of end of year	<u>\$ 144,516</u>	<u>\$ 145,411</u>

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

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Cash Flows  
For the Years Ended December 31, 2004 and 2003  
(Continued)

Supplemental disclosures:	<u>2004</u>	<u>2003</u>
Cash paid for interest	<u>\$ 185,492</u>	<u>\$ 174,578</u>
Non-cash investing and financing transaction:		
Acquisition of property		
Cost of property and equipment	\$ 13,532	\$ 143,494
Property and equipment loans	<u>(13,532)</u>	<u>(114,088)</u>
Cash down payment for property and equipment	<u>\$</u>	<u>\$ 29,406</u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

**Home Energy Assistance (1%)** – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

**Community Services Block Grant (18%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**Weatherization Assistance (2%)** – Weatherizes (insulates) the dwellings of low-income persons, particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

**Head Start Program (25%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**St. Amant Learning (1%)** – To assist clients of all ages with literacy skills including reading, writing, and mathematics. Special tutoring schedules will be set up for each client based on their needs towards the goal of self-sufficiency. Funding is provided by various sources.

**Drug Free Communities Support Program(1%)** – To reduce substance abuse among youth; help community coalitions strengthen collaboration; enhance intergovernmental communication and coordination; enable communities to conduct data-driven research-based preventive planning; and provide communities with technical assistance, guidance, and financial support. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

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

**After School for All (5%)** – To provide youth development programming in the out-of-school hours that includes academics, enrichment, and recreation. Funding is provided by federal funds passed through the Louisiana Department of Education.

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

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

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

**Rental Housing Projects (3%)** – La Posada Apartments is a forty-unit apartment project located in Independence, Louisiana, that is owned and operated by QACCA. The project was placed in service during August, 2002, for the purpose of operating a rental housing project. Permanent financing is being provided by the Rural Housing Service (RHS), and the project is regulated by RHS as to rent charges and operating methods.

**Veterans Assistance Programs (5%)** – The Homeless Veterans' Reintegration Program is designed to support a homeless veterans' reintegration, training, and placement project program. The Incarcerated Veterans' Transition Program is designed to develop programs which will assist eligible veterans who are incarcerated and at risk of homelessness that provide career counseling, employment training, job search assistance, and life skills support services. Funding is provided by federal funds from the U.S. Department of Labor.

**Literacy Education (1%)** – Develops programs and activities to meet the needs of welfare to work and undereducated non-adolescent adult students to help prepare them for entering the work force. Funding is provided by federal funds passed through the Louisiana Department of Education.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

**Emergency Shelter Grants Program (1%)** – Provides funds to meet costs for building rehabilitation, operational/maintenance expenses, and essential services in connection with emergency shelter of homeless persons, as well as costs of eligible homeless prevention activities through three Emergency Shelter Grants funded with federal HUD funds passed through the Parishes of Ascension, Tangipahoa, and Livingston, State of Louisiana.

**Teen Pregnancy Prevention Program (8%)** – Provides teen pregnancy prevention program activities for at-risk youth in Tangipahoa, St. Helena, Livingston, and E. Feliciana Parishes. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

**EL / Civics (1%)** – To attract, assist and enroll Tangipahoa's Asian and Hispanic ethnic population in English literacy and civics education classes. Funding is provided by federal funds passed through the Louisiana Department of Education.

**General Services (7%)** – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

**Possibilities for a Better Tomorrow (10%)** – To provide suspended and expelled students with meaningful and positive activities that will lead to the development of basic skills for successful futures. Funding is provided by federal funds passed through the Louisiana Department of Education.

**B. Basis of Accounting**

The financial statements of QACAA have been prepared on the accrual basis of accounting.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. Income Taxes**

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA had no such income for this audit period.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2004 or 2003.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of \$500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Revenue and Support

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

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

I. Functional Allocation of Expenses

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

J. Tenants' Security Deposit

Tenants' security deposits are held in a separate bank account in the name of the rental housing project. At December 31, 2004, this account was funded in an amount less than the security deposit liability. Management has been informed of this deficiency and will properly fund the account in 2005.

K. Amortization

*Insofar as they relate to the La Posada Apartments, mortgage costs are amortized over the term of the mortgage loan using the effective interest method.*

L. Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the corporation and the tenants of the rental housing project are operating leases.

(2) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC up to \$100,000 at each bank. At December 31, 2004, \$241,545 was held at financial institutions. Of this amount, \$226,499 was insured by the FDIC, and the remaining \$15,046 was uninsured. At December 31, 2003, \$226,093 was held at financial institutions. Of this amount, \$223,491 was insured by the FDIC, and the remaining \$2,602 was uninsured.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2004 and 2003, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2004 and 2003, but not received until after that date.

(4) Due To and Due From Other Funds

Fund	2004		2003	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Unrestricted	\$ 278,619	\$ 97,281	\$ 304,327	\$ 291,023
Restricted Funds:				
Child and Adult Care Food Program	2,898	13,318	4,271	14,008
Weatherization Assistance	-	10,751	16,775	43,806
Children's Trust Fund	-	-	-	549
Drug-Free and Literacy Education	4,927	1,600	-	-
Literacy Education	-	16,420	25	21,528
Emergency Shelter Grants Program	-	23,557	1,995	38,737
Home Energy Assistance	-	9,473	19,071	19,145
Community Services	18,460	-	63,121	40,002
Teen Pregnancy Prevention Program	10,969	25,368	24,548	73,075
St. Amant Learning	46,454	5,861	115,547	8,522
Fame 1 <sup>st</sup>	-	70	-	254
After School for All	4,381	52,881	18,158	8,837
Emergency Assistance	-	33	309	-
Teen Pregnancy Prevention II	-	-	4,409	5,302
Man to Man	-	85	38,766	43,788
EL / Civics	4,927	11,404	3,752	14,984
Head Start Program	8,571	18,544	13,363	4,877
Veteran's Program	22,786	8,083	-	-
21 <sup>st</sup> Century	-	2,714	-	-
Possibilities for a Better Tomorrow	9,549	115,098	-	-
	<u>\$ 412,541</u>	<u>\$ 412,541</u>	<u>\$ 628,437</u>	<u>\$ 628,437</u>

(5) Refundable Advances

QACAA records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

(6) Unrestricted Operating Net Assets

Unrestricted, undesignated operating net assets at December 31, 2004 and 2003, are detailed by individual program as follows:

	<u>2004</u>	<u>2003</u>
St. Amant Learning	\$ 43,372	\$ 8,156
Home Energy Assistance	( 8,941)	-
Rental Housing Project	28,265	54,469
Literacy Education	( 2,497)	( 1,691)
Fame 1 <sup>st</sup>	-	2
Veteran's Assistance Programs	( 5,297)	-
Emergency Shelter Grants	( 4)	-
21 <sup>st</sup> Century	( 2)	-
General Services	<u>( 371,402)</u>	<u>( 360,490)</u>
	<u><u>\$ ( 316,506)</u></u>	<u><u>\$ ( 299,554)</u></u>

Designated net assets at December 31, 2004 and 2003 consists of restricted deposits and funded reserves related to the rental housing project.

(7) Property and Equipment

An analysis of the property and equipment at December 31, 2004 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	20 - 30 years	\$ 1,300,639	\$ 894,857	\$ 2,195,496
La Posada Apartment buildings	30 years	-	1,941,402	1,941,402
Land		31,500	344,000	375,500
Furniture and equipment	5 - 7 years	379,130	29,131	408,261
Vehicles	3 - 5 years	259,704	204,993	464,697
Accumulated depreciation		<u>( 559,997)</u>	<u>( 431,946)</u>	<u>( 991,943)</u>
Net investment in property and equipment		<u><u>\$ 1,410,976</u></u>	<u><u>\$ 2,982,437</u></u>	<u><u>\$ 4,393,413</u></u>

Depreciation expense for the year ended December 31, 2004 was \$218,033.

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

An analysis of the property and equipment at December 31, 2003 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	20 – 30 years	\$ 1,280,378	\$ 881,325	\$ 2,161,703
La Posada Apartment buildings	30 years	–	1,941,402	1,941,402
Land		31,500	344,000	375,500
Furniture and equipment	5 – 7 years	249,566	29,131	278,697
Vehicles	5 years	179,219	204,993	384,212
Accumulated depreciation		( 465,909)	( 309,600)	( 775,509)
Net investment in property and equipment		<u>\$ 1,274,754</u>	<u>\$3,091,251</u>	<u>\$ 4,366,005</u>

Depreciation expense for the year ended December 31, 2003 was \$182,884.

(8) Long-term Debt

Long-term debt at December 31, 2004 and 2003 consisted of the following:

	<u>2004</u>	<u>2003</u>
Note payable to a finance company, due in monthly installments of \$625.22 including interest at 2.90%, secured by a vehicle; final payment due September 15, 2006	\$ 13,176	\$ 19,963
Note payable to a bank, interest of 7.75%, principle due on demand, unsecured	84,948	124,948
Note payable to a finance company, due in monthly installments of \$645.08 including interest at 5.99%, secured by a vehicle; final payment due September, 2008	25,949	31,942

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

Note payable to a bank, due in monthly installments of \$2,588.70 including interest at 7.25%, secured by a pledge of collateral mortgage note; final payment due August, 2005	112,749	134,854
Note payable to a bank, due in monthly installments of \$3,118.00 including interest at 7.5%, secured by building; final payment due April, 2005	73,726	104,361
Note payable to a bank, due in monthly installments of \$10,228.20 including interest at 8.0%, secured by real estate; loan renewed October, 2004, due in monthly installments of \$9,620.51, including interest at 7.0%, final payment due November, 2009. Loan is also guaranteed by the U.S. Department of Agriculture for \$1,080,000 under a loan note guarantee.	1,063,771	1,103,803
Note payable to a bank, interest of 7.50%; principle due January 2005; secured by real estate.	248,985	-
Two notes payable to Rural Housing Service, due in monthly installments of \$3,150 and \$501, including interest at 1.00%, secured by real estate, final payments due August 2035	1,129,711	1,162,051
Note payable to a bank, interest of 7.5%; principal due on demand; unsecured	70,767	76,844
Note payable to a bank, interest of 6.5%; principal due on demand; unsecured	22,341	49,992
Note payable to a bank, interest of 6.75%; principal due on demand; secured by real estate.	42,368	100,000

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

Note payable to a bank, interest of 5.75%; accrued  
interest payments due monthly; principle balance due  
July 2009; secured by real estate.

433,754                  646,172

Total Debt

3,322,245                  3,554,930

Less current installments on long-term debt

( 711,541)              (2,129,118)

Non-current portion of long-term debt

\$ 2,610,704            \$ 1,425,812

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

For the Year Ending December 31,	Approximate Amount
2005	\$ 711,541
2006	187,654
2007	123,837
2008	128,245
2009	1,208,422
2010 – thereafter	<u>963,546</u>
	<u>\$ 3,322,245</u>

Interest expense on these notes for the years ended December 31, 2004 and 2003 was \$185,492 and \$174,578, respectively.

(9) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest-earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 2004 and 2003 were \$104,920 and \$91,900, respectively.

(10) Contractual Revenue – Grants

During the years ended December 31, 2004 and 2003, QACAA received contractual revenue from federal and state grants in the amount of \$5,534,556 and \$5,193,518, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2004 and 2003  
(Continued)

(11) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties. Rental costs on these items for the years ended December 31, 2004 and 2003, were as follows:

	2004	2003
Buildings	\$ 115,005	\$ 94,478
Equipment	<u>44,574</u>	<u>55,280</u>
	<u>\$ 159,579</u>	<u>\$ 149,758</u>

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

(12) Partnership Investments

QACAA serves as the Managing General Partner for four different limited partnerships which manage apartment complexes under the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

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

(13) Reserve for Replacements

In accordance with the loan agreement with RHS, a reserve for replacements is to be funded \$21,302 annually until the account reaches a balance of \$213,020. The required amount of reserves as of December 31, 2004, was \$52,587. The amount on hand at December 31, 2004, was \$52,087 which was funded.

(14) Accrued Liabilities

Accrued liabilities at December 31, 2004, consisted of the following:

Payroll liabilities	\$ 62,894
Accrued interest payable	<u>34,031</u>
	<u>\$ 96,925</u>

Ouad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Financial Position  
December 31, 2004  
(With Comparative Totals for 2003)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	St. Amant Learning	Drug Free	Child Nutrition	Fame 1st
<b>Assets</b>								
Current assets:								
Cash	\$ 294	\$ 124	\$ (22)	\$ 106,604	\$ 2,779	\$	\$ 65	\$ 70
Grant receivables	238		13,273	144,694			33,441	
Other receivables								
Prepaid expenses		18,460		8,571	46,454	4,927	2,898	
Due from other funds		18,584	13,251	259,869	49,233	4,927	36,404	70
Total current assets	532	18,584	13,251	259,869	49,233	4,927	36,404	70
Restricted deposits and funded reserves								
Property and equipment		55,682	12,800	1,837,615		1,481		6,102
Accumulated depreciation		(49,106)	(4,610)	(473,332)		(74)		(2,543)
Net property and equipment		6,576	7,990	1,364,283		1,407		3,559
Total Assets	\$ 532	\$ 25,160	\$ 21,241	\$ 1,624,152	\$ 49,233	\$ 6,334	\$ 36,404	\$ 3,629
<b>Liabilities and Net Assets</b>								
Current liabilities:								
Accounts payable	\$	\$	\$ 2,500	\$ 241,326	\$	\$	\$ 10,312	\$
Accrued liabilities								
Due to other funds	9,473		10,751	18,544	5,861	1,600	13,318	70
Current portion long-term debt				213,772				
Refundable advances		18,584				3,327	12,774	
Total current liabilities	9,473	18,584	13,251	473,642	5,861	4,927	36,404	70
Deposits and prepayment liabilities:								
Tenants' security deposits								
Long-term debt				358,865				
Total liabilities	9,473	18,584	13,251	832,507	5,861	4,927	36,404	70
<b>Net assets:</b>								
Unrestricted:								
Operating - undesignated	(8,941)				43,372			
Designated						1,407		3,559
Fixed assets	(8,941)	6,576	7,990	791,645	43,372	1,407		3,559
Total net assets		6,576	7,990	791,645	43,372	1,407		3,559
Total Liabilities and Net Assets	\$ 532	\$ 25,160	\$ 21,241	\$ 1,624,152	\$ 49,233	\$ 6,334	\$ 36,404	\$ 3,629

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Financial Position  
December 31, 2004  
(With Comparative Totals for 2003)  
(Continued)

	After School For All	Foster Grandparents Program	Retired Senior Volunteer Program	Emergency Assistance	Rental Housing Project	Veterans Assistance Programs	Literacy Education	Emergency Shelter Grants Program
<b>Assets</b>								
Current assets:								
Cash	\$ (97)	\$	\$ 1,889	\$ 1,799	\$ 16,432	\$	\$ 50	\$ 7,712
Grant receivables	82,744				14,670		13,873	17,924
Other receivables					7,758			
Prepaid expenses	4,381					22,786		
Due from other funds	87,028		1,889	1,799	38,860	22,786	13,923	25,636
Total current assets								
Restricted deposits and funded reserves					69,977			
Property and equipment	10,477	4,819	3,206		1,977,152	6,902	7,546	1,716
Accumulated depreciation	(3,024)	(4,819)	(1,417)		(121,338)	(805)	(7,006)	(1,716)
Net property and equipment	7,453		1,789		1,855,814	6,097	540	
Total Assets	\$ 94,481	\$	\$ 3,678	\$ 1,799	\$ 1,964,651	\$ 28,883	\$ 14,463	\$ 25,636
<b>Liabilities and Net Assets</b>								
Current liabilities:								
Accounts payable	\$	\$	\$	\$ 1,766	\$ 3,804	\$ 20,000	\$	\$ 814
Accrued liabilities					941			
Due to other funds	52,881			33		8,083	16,420	23,557
Current portion long-term debt			1,889		32,664			
Refundable advances	34,147							1,269
Total current liabilities	87,028		1,889	1,799	37,409	28,083	16,420	25,640
Deposits and prepayment liabilities								
Tenants' security deposits					5,850			
Long-term debt					1,097,047			
Total liabilities	87,028		1,889	1,799	1,140,306	28,083	16,420	25,640
Net assets:								
Unrestricted:								
Operating - designated					28,265	(5,297)	(2,497)	(4)
Designated					69,977			
Fixed assets	7,453		1,789		726,103	6,097	540	
Total net assets	7,453		1,789		824,345	800	(1,957)	(4)
Total Liabilities and Net Assets	\$ 94,481	\$	\$ 3,678	\$ 1,799	\$ 1,964,651	\$ 28,883	\$ 14,463	\$ 25,636

(Continued)  
19

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Financial Position  
December 31, 2004  
(With Comparative Totals for 2003)  
(Continued)

	Man to Man	Teen Pregnancy Prevention Program	EL / Civics	21st Century	Possibilities For a Better Tomorrow	General Services	Total
<b>Assets</b>							
Current assets:							
Cash	\$ 85	\$ 2,628	\$ 25	\$ (6)	\$ 606	\$ 3,479	\$ 144,516
Grant receivables		30,215	6,452	2,718	116,324		\$ 145,411
Other receivables						18,393	210,734
Prepaid expenses						7,758	805
Due from other funds		10,969	4,927		9,549	278,619	4,393
Total current assets	85	43,812	11,404	2,712	126,479	300,491	628,437
Restricted deposits and funded reserves							989,780
						69,977	41,900
Property and equipment		15,964	6,861			1,437,233	5,385,356
Accumulated depreciation		(8,343)	(3,202)			(310,608)	5,141,514
Net property and equipment		7,621	3,659			1,126,625	(991,943)
Total Assets	85	51,433	15,063	2,712	126,479	1,427,116	4,366,005
							\$ 5,523,164
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable	\$	\$	\$	\$	\$ 119	\$ 35,959	\$ 316,600
Accrued liabilities						95,984	\$ 135,651
Due to other funds	85	25,368	11,404	2,714	115,098	97,281	96,925
Current portion long-term debt						485,105	55,084
Refundable advances		18,444			11,262		412,541
Total current liabilities	85	43,812	11,404	2,714	126,479	694,329	628,437
Deposits and prepayment liabilities							2,129,118
Tenants' security deposits							63,905
Long-term debt							101,696
							1,639,303
Total liabilities	85	43,812	11,404	2,714	126,479	1,849,121	3,012,195
							5,850
						1,154,792	2,610,704
Total liabilities	85	43,812	11,404	2,714	126,479	1,849,121	4,255,857
Net assets:							4,443,407
Unrestricted:							
Operating - designated				(2)		(371,402)	(316,506)
Designated		7,621	3,659			(50,603)	69,977
Fixed assets		7,621	3,659	(2)		(422,005)	1,211,932
Total net assets	85	51,433	15,063	2,712	126,479	1,427,116	954,278
Total Liabilities and Net Assets	85	51,433	15,063	2,712	126,479	1,427,116	5,523,164
							\$ 5,397,685

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2004  
(With Comparative Totals for 2003)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	St. Amant Learning	Drug Free	Child Nutrition	Fame 1st
Revenues and Other Support:								
Contractual revenue-grant	\$ 65,829	\$ 1,119,251	\$ 93,562	\$ 1,560,377	\$ 48,773	\$ 16,673	\$ 112,512	\$
Rents								
Rental assistance subsidy								
Fees earned								
Miscellaneous revenues	66				9,105			
Total revenues and other support	<u>65,895</u>	<u>1,119,251</u>	<u>93,562</u>	<u>1,560,377</u>	<u>57,878</u>	<u>16,673</u>	<u>112,512</u>	
Expenses:								
Salaries	63,356	660,959	28,226	662,589	474	9,555	33,371	
Fringe benefits	9,952	120,915	6,734	117,207	105	1,692	5,110	
Travel	779	9,731	4,890	50,739	1,798	1,527	55	
Space costs		145,434	1,687	125,189	4,340		14,063	
Telephone		28,567		682				
Operating and maintenance					1,583			
Administrative								
Taxes and insurance								
Insurance		62,727	3,082	1,000				
Equipment expenses		7,597	3,635	8,291	384			
Supplies	23	1,744	43,006	67,175	7,526		12,098	3
Professional services and contract labor	388	5,555		8,534	4,434	1,000		
Food and related supplies							47,058	
Miscellaneous		33,693	702	1,520	2,018	1,418	757	
Vehicle expenses				35,385				
Volunteer expenses	338	42,330						
Client assistance payments								
Interest expense								
Depreciation expense								
Total expenses	<u>74,836</u>	<u>1,123,242</u>	<u>94,189</u>	<u>1,157,965</u>	<u>22,662</u>	<u>15,266</u>	<u>112,512</u>	<u>1,223</u>
Changes in net assets	(8,941)	(3,991)	(627)	402,412	35,216	1,407		(1,223)
Net assets, beginning of year		10,567	8,617	389,233	8,156			4,782
Net assets, end of year	<u>\$ (8,941)</u>	<u>\$ 6,576</u>	<u>\$ 7,990</u>	<u>\$ 791,645</u>	<u>\$ 43,372</u>	<u>\$ 1,407</u>	<u>\$</u>	<u>\$ 3,559</u>

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2004  
(With Comparative Totals for 2003)  
(Continued)

	After School For All	Foster Grandparents Program	Retired Senior Volunteer Program	Emergency Assistance	Rental Housing Project	Veterans Assistance Programs	Literacy Education	Emergency Shelter Grants Program
Revenues and Other Support:								
Contractual revenue-grant	\$ 331,495	\$ 472,242	\$ 57,542	\$ 50,493	\$	\$ 328,000	\$ 87,381	\$ 57,503
Rents					12,984			
Rental assistance subsidy					180,768			
Fees earned					7,976			
Miscellaneous revenues					174	145		
Total revenues and other support	<u>331,495</u>	<u>472,242</u>	<u>57,542</u>	<u>50,493</u>	<u>201,902</u>	<u>328,145</u>	<u>87,381</u>	<u>57,503</u>
Expenses:								
Salaries	182,137	82,458	33,751			171,526	50,913	16,002
Fringe benefits	23,525	13,624	7,823			24,768	7,799	3,418
Travel	9,344	3,326	1,521			11,892		
Space costs	13,049	21,108	4,663		22,127	8,300		
Telephone	2,550	4,929	1,185			1,200		
Operating and maintenance				40	59,255			
Administrative					54,951			
Taxes and insurance					19,910			
Insurance	12,332					1,800		
Equipment expenses	4,380	2,490				1,132		
Supplies	44,525	2,001	988			29,700	7,896	
Professional services and contract labor	8,585	2,049				70,000	21,578	
Food and related supplies	15,906			275				
Miscellaneous	4,433		526			6,222		
Vehicle expenses	7,193							
Volunteer expenses		340,257	7,085					
Client assistance payments				50,178				38,087
Interest expense					11,446			
Depreciation expense		224	524		48,535	805	720	
Total expenses	<u>329,642</u>	<u>472,466</u>	<u>58,066</u>	<u>50,493</u>	<u>216,224</u>	<u>327,345</u>	<u>88,906</u>	<u>57,507</u>
Changes in net assets	1,853	(224)	(524)		(14,322)	800	(1,525)	(4)
Net assets, beginning of year	5,600	224	2,313		838,667		(432)	
Net assets, end of year	\$ 7,453	\$	\$ 1,789	\$	\$ 824,345	\$ 800	\$ (1,957)	\$ (4)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2004  
(With Comparative Totals for 2003)  
(Continued)

	Man to Man	Teen Pregnancy Prevention Program	EL / Civics	21st Century	Possibilities for a Better Tomorrow	General Services	Total 2004	Total 2003
Revenues and Other Support:								
Contractual revenue-grant	\$	\$ 482,297	\$ 39,494	\$ 2,718	\$ 608,414	\$	\$ 5,534,556	\$ 5,193,518
Rents							12,984	6,642
Rental assistance subsidy							180,768	181,000
Fees earned						117,582	125,558	140,242
Miscellaneous revenues						286,565	296,055	238,619
Total revenues and other support		482,297	39,494	2,718	608,414	404,147	6,149,921	5,760,021
Expenses:								
Salaries		352,166	26,464		253,084	126,775	2,753,806	2,640,310
Fringe benefits		56,880	4,180		38,687	20,591	463,010	454,548
Travel		688			1,356	47,204	144,850	147,535
Space costs					4,915	7,172	372,047	411,395
Telephone					1,413	1,090	41,616	93,380
Operating and maintenance							60,878	34,465
Administrative							54,951	51,387
Taxes and insurance							19,910	11,398
Insurance					5,033		85,988	93,650
Equipment expenses						14	32,768	70,208
Supplies		15,823	184	600	37,395	4,859	283,199	316,179
Professional services and contract labor		38,048	8,666	2,120	7,780	12,512	219,127	111,237
Food and related supplies						40,390	66,283	103,616
Miscellaneous		18,692			240,084	3,044	370,589	197,383
Vehicle expenses					18,667	60,524	82,508	8,265
Volunteer expenses						21,263	347,342	343,559
Client assistance payments						40,658	171,591	388,691
Interest expense						36,950	48,396	92,808
Depreciation expense						73,812	218,033	182,884
Total expenses		3,193	1,372	2,720	608,414	496,858	5,836,892	5,752,898
Changes in net assets		(3,193)	(1,372)	(2)		(92,711)	313,029	7,123
Net assets, beginning of year		10,814	5,031			(329,294)	954,278	947,155
Net assets, end of year	\$	\$ 7,621	\$ 3,659	\$ (2)	\$	\$ (422,005)	\$ 1,267,307	\$ 954,278

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Head Start Grant No. 06CH0402/13  
U.S. Department of Health and Human Services  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Contract Period: December 1, 2003 to November 30, 2004

	Budget	Actual	COB Balances Current Year
<b>Revenues</b>			
Department of Health and Human Services	\$ 1,534,732	\$ 1,534,732	
Grantee's contribution	383,683	383,683	
<b>Total revenue</b>	<b>1,918,415</b>	<b>1,918,415</b>	
<b>Expenditures:</b>			
Personnel	662,356	659,271	\$ 3,085
Fringe benefits	134,873	120,204	14,669
Travel	10,000	17,907	(7,907)
Equipment	105,028	105,028	
Supplies	70,500	88,069	(17,569)
Contractual	6,500	18,261	(11,761)
Other	545,475	525,992	19,483
	1,534,732	1,534,732	\$
<b>Grantee's share</b>	<b>383,683</b>	<b>383,683</b>	
<b>Total all expenditures</b>	<b>\$ 1,918,415</b>	<b>1,918,415</b>	
<b>Revenue over (under) expenditures</b>			
<b>Fund balance, beginning December 1, 2003</b>			
<b>Fund balance, ending November 30, 2004</b>		\$	

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Foster Grandparents Program  
*Schedule of Revenues, Expenditures and Changes in Fund Balances*  
For the Contract Period: January 1, 2004 to December 31, 2004

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 446,333	\$	\$ 446,333
Nonfederal share			
State revenue		25,909	25,909
Total revenue	446,333	25,909	472,242
Expenditures			
Personnel	82,458		82,458
Fringe benefits	11,468	2,156	13,624
Travel	2,649	678	3,327
Equipment	1,051	1,439	2,490
Supplies	1,552	449	2,001
Rent	16,108	5,000	21,108
Contractual	1,600	450	2,050
Communications	2,255	2,672	4,927
Total volunteer support expenses	119,141	12,844	131,985
Volunteer stipends	271,821		271,821
Volunteer travel	45,130	1,081	46,211
Volunteer recognition	3,518	8,969	12,487
Volunteer other	6,723	3,015	9,738
Total volunteer expenses	327,192	13,065	340,257
Total expenditures	446,333	25,909	472,242
Excess revenues (expenditures)			
Fund balance, January 1, 2004			
Fund balance, December 31, 2004	\$	\$	\$

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Retired Senior Volunteer Program  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Contract Period: July 1, 2003 to June 30, 2004

Revenue:	Federal	Nonfederal	Total
Contract revenue	\$ 45,983	\$	\$ 45,983
Nonfederal share			
State revenue		11,184	11,184
Total revenue	45,983	11,184	57,167
Expenditures			
Personnel	32,226	1,525	33,751
Fringe benefits	2,547	4,981	7,528
Travel	946	56	1,002
Audit		500	500
Equipment			
Supplies	1,037	74	1,111
Space costs	1,470	3,405	4,875
Communications	1,106	80	1,186
Other	562		562
Total volunteer support expenses	39,894	10,621	50,515
Volunteer travel	4,379		4,379
Volunteer other	1,710	563	2,273
Total volunteer expenses	6,089	563	6,652
Total expenditures	45,983	11,184	57,167
Excess revenues (expenditures)			
Fund balance, July 1, 2003			
Fund balance, June 30, 2004	\$	\$	\$

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 11-30-04)	93.600	06CH0402/13	\$ 1,453,052
Head Start (Fy 11-30-05)	93.600	06CH0402/14	120,425
Drug-Free Communities Support	93.276	Unknown	16,673
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	Unknown	1,119,252
Passed through Louisiana Department of Social Services Teen Pregnancy Prevention Program	93.558	604097; 615888	482,297
Passed through Louisiana Department of Education After School for All	93.558	Unknown	331,495
Passed through Louisiana Housing Finance Agency Home Energy Assistance Program	93.568	Unknown	74,836
Weatherization Assistance Program (Fy 3-31-04)	93.568	Unknown	80,289
Weatherization Assistance Program (Fy 3-31-05)	93.568	Unknown	13,273
Total U.S. Department of Health and Human Services			<u>3,691,592</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2004  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Urban Development</u>			
Passed through The Ascension Parish Council Emergency Shelter Grants Program	14.231	Unknown	\$ 13,446
Passed through Tangipahoa Parish Emergency Shelter Grants Program	14.231	Unknown	22,925
Passed through Livingston Parish Emergency Shelter Grants Program	14.231	Unknown	21,136
Total U.S. Department of Housing and Urban Development			57,507
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education Adult Education	84.002	Unknown	88,186
El Civics	84.002	Unknown	39,494
Possibilities for a Better Tomorrow	84.184c	Unknown	608,414
21st Century Community Learning Center	84.184c	Unknown	2,720
Total U.S. Department of Education			738,814
<u>The Corporation For National Service</u>			
Direct Programs:			
Foster Grandparent Program (Fy 12-31-04)	94.011	02SFWLA006	446,333
Retired Senior Volunteer Program (Fy 6-30-04)	94.002	01SRWLA005	19,425
Retired Senior Volunteer Program (Fy 6-30-05)	94.002	04SRWLA004	26,933
Total Corporation For National Service			492,691

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2004  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Farm Labor Housing Loan	10.405	Unknown	\$ 1,129,711
Rural Rental Assistance Payment	10.427	Unknown	180,768
Passed through Louisiana Department of Education			
Child Care Food Program	10.558	Unknown	112,512
Total U.S. Department of Agriculture			<u>1,422,991</u>
<u>U.S. Department of Homeland Security</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA)	97.024	Unknown	50,493
Total U.S. Department of Homeland Security			<u>50,493</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
Veterans Employment and Training Service (MHV)	17.805	E-9-5-4-0029	154,416
Veterans Employment and Training Service (NHV)	17.805	E-9-5-4-0001	179,026
Total U.S. Department of Labor			<u>333,442</u>
Total federal expenditures			<u>\$ 6,787,530</u>

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

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited the financial statements of Quad Area Community Action Agency, Inc. (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated May 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Quad Area Community Action Agency, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Quad Area Community Action Agency, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted 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 Quad Area Community Action Agency, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition isare described in the accompanying schedule of findings and questioned costs as item 2004-B1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the *financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions*. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting which we have reported to management of Quad Area Community Action Agency, Inc. in a separate management letter dated May 20, 2005.

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

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

Cook & Morehart  
Certified Public Accountants  
May 20, 2005

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

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

### Compliance

We have audited the compliance of Quad Area Community Action Agency, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Quad Area Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Quad Area Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on Quad Area Community Action Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Quad Area Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Quad Area Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, Quad Area Community Action Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2004.

### Internal Control Over Compliance

The management of Quad Area Community Action Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Quad Area Community Action Agency'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 solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish extending from the end.

Cook & Morehart  
Certified Public Accountants  
May 20, 2005

Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2004

**2003-B1 - REPORTABLE CONDITION**

*Statement of Condition and Criteria:* During the year ended December 31, 2003, Quad's cumulative operating net asset (deficit) improved from (\$349,524) to (\$299,554).

*Recommendation:* We recommend that management and the Board of Directors continue to meet on a periodic basis to monitor the agency's financial position and to formulate financial plans to eliminate the deficits.

*Current Status:* See repeat finding in current year audit.

**2003-B2 - REPORTABLE CONDITION**

*Statement of Condition and Criteria:* At December 31, 2003, interagency balances between the various programs totaled \$628,437.

*Recommendation:* We recommend that Quad analyze all interagency balances and repay amounts owed between the programs to eliminate the interagency balances.

*Current Status:* No finding in current year audit.

Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2004

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Quad Area Community Action Agency, Inc.
2. One reportable condition is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The condition is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Quad Area Community Action Agency, Inc. were disclosed during the audit.
4. No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the Head Start program, Community Services Block Grant program, and Temporary Assistance to Needy Families program expresses a qualified opinion; the report on the remaining major programs is unqualified.
6. There are no audit findings relative to the major federal awards programs reported in Part C of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, 2) Community Services Block Grant CFDA# 93.569, 3) Temporary Assistance to Needy Families Program CFDA #93.558, 4) Farm Labor Housing Loan Program CFDA #10.405, 5) Possibilities for a Better Tomorrow CFDA #84.184c, and 6) Veterans' Assistance Programs CFDA #17.805.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Quad Area Community Action Agency, Inc. qualified as a low-risk auditee.

(Continued)

Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
*Schedule of Findings and Questioned Costs*  
December 31, 2004  
(Continued)

**B. Findings – Financial Statements Audit:**

**2004-B1 - REPORTABLE CONDITION**

*Statement of Condition and Criteria:* At December 31, 2004, Quad's cumulative operating net asset (deficit) increased from \$(299,554) to \$(316,506), which is an increase of \$16,952. The increase was caused by a cost of \$31,294 resulting from a memorandum of understanding agreement between Quad and a state agency which administers the Weatherization program. The agreement calls for Quad to be credited back the \$31,294 in 2005 based upon certain conditions. Without this transaction, Quad's cumulative operating net asset deficit would have improved by \$14,342.

*Cause:* The operating net asset (deficit) is the result of the agency's prior years' operations not being properly budgeted for those programs administered by the agency.

*Recommendation:* We recommend that management and the Board of Directors continue to meet on a periodic basis to monitor the agency's financial position and to formulate financial plans to eliminate the deficits.

*Response:* Quad Area is in the process of selling assets to reduce the deficit.

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



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2004 and 2003

There were two reportable conditions for the prior year audit for the year ended December 31, 2003. See accompanying Summary Schedule of Prior Audit Findings.

There were three management letter comments for the prior year audit for the year ended December 31, 2003. The current status of these comments is shown below.

**(1) PAYMENT OF INVOICES**

Improvement noted. No finding noted in current year audit.

**(2) ISSUANCE OF CHECKS**

Improvement noted. No finding noted in current year audit.

**(3) CURRENT FINANCIAL RECORDS**

Improvement noted. No finding noted in current year audit.

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Corrective Action Plan for Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2004 and 2003

*There is one reportable condition for the current year audit for the year ended December 31, 2004, listed in the accompanying Schedule of Findings and Questioned Costs as item 2004-B1. Management's response is also shown there.*

There are five management letter comments for the current year audit for the year ended December 31, 2004. Management's response to those comments is noted below.

**(1) IN-KIND**

The in-kind from Head Start will be monitored more closely in the future and assigned to be checked by our Head Accountant.

**(2) CREDIT CARDS**

Credit card receipts will be substantiated during the year and before payment is made.

**(3) VETERANS ASSISTANCE ADMINISTRATIVE EXPENSES**

We will separate the administrative expenses in the general ledgers.

**(4) VETERANS ASSISTANCE ELIGIBILITY**

We will develop a checklist to ensure compliance and justification thereof.

**(5) WEATHERIZATION FILE EXAM**

A person in the Weatherization program has been assigned on a periodic basis to check the folders to ensure compliance.

***Certified Public Accountants***

We recommend that the agency implement monitoring procedures, on a monthly basis, over amounts claimed as in-kind to ensure they are reasonable and that the appropriate supporting documents are maintained.

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## **(2) CREDIT CARDS**

During our audit, we noted several instances where payments were made for credit card charges without having the detailed supporting documents/invoices to support the amounts paid.

We recommend that no payments be made for credit cards charges without reconciliation of detailed vendor invoices/receipts to amounts appearing on the credit card statements.

## **(3) ADMINISTRATIVE EXPENSES-VETERAN'S ASSISTANCE PROGRAM**

During our audit, we noted that the agency's Veteran's Assistance program contracts state that costs for administration shall not exceed 20% of the total amount of the grant. The agency's financial records were not compiled in a manner to allow for a tracking of administrative expenses to ensure compliance with this requirement.

We recommend that the agency implement procedures to ensure compliance with the 20% administrative limit, as stated in the program contracts.

## **(4) VETERANS ASSISTANCE ELIGIBILITY**

During our testing of participant files of the Veteran's Assistance programs, we noted that not all of the documentation specified in the program contracts was retained in the participant records.

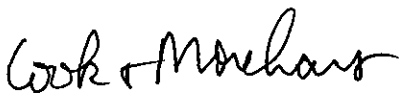
We recommend that the agency implement procedures to ensure that all documentation as required by the program contracts is retained in each participant's file.

## **(5) WEATHERIZATION FILE EXAM**

During our audit, we selected several files for the Weatherization program to determine that appropriate documentation was maintained to support each home weatherized. The files selected for testing did not initially contain the required documentation. Additional documentation was subsequently provided for the files selected for testing.

We recommend that the agency implement procedures to ensure that all files are maintained on a current basis and contain the appropriate documentation as required by the funding source. We further recommend that an individual be assigned to monitor the files on a periodic basis to ensure compliance with program requirements.

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



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Certified Public Accountants