

1246

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

Financial Statements With Auditors' Report

**As of and for the Years Ended December 31, 2006 and 2005
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 7-25-07

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

	<u>Page No.</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5 - 6
Notes to Financial Statements	7 - 17
Combining Schedules	
Combining Schedule of Financial Position	18 - 22
Combining Schedule of Activities	23 - 27
Supplemental Information Schedules For Grants and Contracts Analysis	
Head Start Grant No. 06CH0402/15 For the Contract Period: December 1, 2005 to November 30, 2006	29
Foster Grandparents Program For the Contract Period: January 1, 2006 to December 31, 2006	30
Retired Senior Volunteer Program For the Contract Period: July 1, 2005 to June 30, 2006	31
Schedule of Expenditures of Federal Awards	32 - 35
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	36 - 37
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	38 - 39
Summary Schedule of Prior Audit Findings	40 - 41
Schedule of Findings and Questioned Costs	42 - 43
Schedules for the Louisiana Legislative Auditor:	
Summary Schedule of Prior Audit Findings	44
Corrective Action Plan of Current Year Audit Findings	44

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2006 and 2005, 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 \$1,859,744 as of December 31, 2006, and total support and revenues of \$200,942 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, 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, 2006 and 2005, 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 22, 2007, on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted 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 – 27, 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 29 – 31, 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 29 – 31 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 22, 2007

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Financial Position
December 31, 2006 and 2005

	2006	2005
Assets		
Current assets:		
Cash	\$ 115,560	\$ 134,476
Grant receivables	323,456	343,869
Other receivables	305	15,976
Prepaid expenses	6,994	8,558
Due from other funds	362,003	554,262
Total current assets	808,318	1,055,141
Restricted deposits and funded reserves	81,193	74,255
Property and equipment	5,619,526	5,545,794
Accumulated depreciation	(1,497,396)	(1,204,012)
Net property and equipment	4,122,130	4,341,782
Total Assets	\$ 5,011,841	\$ 5,471,178
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 49,085	\$ 95,780
Accrued liabilities	177,796	104,703
Due to other funds	362,003	554,262
Current portion of long-term debt	305,896	434,738
Refundable advances	17,853	103,102
Total current liabilities	912,633	1,292,585
Deposits and prepayment liabilities:		
Tenant's security deposits	5,850	5,850
Long-term debt	2,600,513	2,761,996
Total liabilities	3,518,996	4,060,431
Net assets:		
Unrestricted:		
Operating - undesignated	(70,127)	8,739
Designated	80,867	74,255
Fixed assets	1,481,905	1,327,753
Total net assets	1,492,645	1,410,747
Total Liabilities and Net Assets	\$ 5,011,841	\$ 5,471,178

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, 2006 and 2005

	Unrestricted	
	2006	2005
Revenues and Other Support:		
Contractual revenue - grants	\$ 6,997,903	\$ 7,947,753
Rents	20,555	22,546
Rental assistance subsidy	176,978	171,834
Fees earned	65,967	75,282
Miscellaneous revenues	362,584	430,693
Total revenues and other support	7,624,077	8,648,208
Expenses:		
Home energy assistance	107,987	971,862
Community services	1,017,698	1,257,255
Weatherization assistance	238,480	443,792
Head start program	988,823	1,107,915
St. Amant learning	84,703	40,412
Drug Free	97,992	94,262
Child nutrition	108,971	108,621
EITC	12,321	
Fame 1st		1,220
After school for all	449,845	204,437
Foster grandparents program	474,083	491,198
Retired senior volunteer program	75,544	88,708
Emergency assistance	52,090	55,851
Rental housing project	212,409	224,109
Veterans assistance programs	485,552	439,607
Literacy education	203,540	103,817
Emergency shelter grants	39,731	54,968
Man to Man	170,546	
Teen pregnancy prevention program	557,189	284,360
EL / Civics	1,372	31,334
21st Century	324,581	603,767
STEP	54,528	
Possibilities for a Better Tomorrow		283,558
Children's trust fund	4,280	6,000
MHV II	107,393	3,021
VWIP II	84,162	48,295
VA Grant & Per Diem	42,317	130
Donation Act	1,258	1,883
Disaster Relief	16,231	4,411
Summer Feed		9,903
PBT - Youth Offender	681,638	343,982
VWIP	353,641	736,815
General services	514,264	489,648
Total expenses	7,542,179	8,504,768
Changes in net assets	81,898	143,440
Net assets, beginning of year	1,410,747	1,267,307
Net assets, end of year	\$ 1,492,645	\$ 1,410,747

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, 2006 and 2005

Operating Activities	<u>2006</u>	<u>2005</u>
Change in net assets	\$ 81,898	\$ 143,440
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	308,850	279,663
(Gain) on retirement of property and equipment	815	(101,826)
(Increase) decrease in operating assets:		
Grant receivables	20,413	132,697
Other receivables	15,671	2,417
Prepaid expense	(436)	1,200
Restricted deposits and funds	(6,938)	(4,278)
Increase (decrease) in operating liabilities:		
Accounts payable	(46,695)	(220,820)
Accrued liabilities	73,093	7,778
Refundable advances	(85,249)	1,406
Net cash provided (used) by operating activities	<u>361,422</u>	<u>241,677</u>
 Investing Activities		
Proceeds from sale of property		344,718
Payments for property and equipment	(90,012)	(162,035)
Net cash provided (used) in investing activities	<u>(90,012)</u>	<u>182,683</u>
 Financing Activities		
Proceeds from notes payable	61,389	172,463
Repayments of long-term debt	(351,715)	(606,863)
Net cash (used) by financing activities	<u>(290,326)</u>	<u>(434,400)</u>
 Net (decrease) in cash	(18,916)	(10,040)
 Cash as of beginning of year	<u>134,476</u>	<u>144,516</u>
 Cash as of end of year	<u>\$ 115,560</u>	<u>\$ 134,476</u>

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

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005

(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 (14%) – 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 (3%) – 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 (13%) – 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.

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.

EITC (1%) – Earned income tax credit outreach and free federal tax preparation services for low-income individuals and families. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

After School for All (6%) – 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.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

Foster Grandparents Program (6%) – 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 (7%) – 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 (3%) – 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.

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.

Man to Man (2%) – Parenting services to emphasize the importance of parent education, child development, positive discipline, emotional / vocational goal setting, and life skills. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

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 (0%) – 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.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

21st Century (4%) – To provide enriched, safe community centers while increasing student achievement. Funding is provided by federal funds passed through the Louisiana Department of Education.

Possibilities for a Better Tomorrow – 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.

Children's Trust Fund (1%) – Provides modules on fatherhood, life skills, and parenting, with opportunities for family fun times and field trips to practice what is learned in class and build better and more meaningful family relationships. Funding is provided by Department of Social Services, for Child Abuse Prevention Services (Louisiana Children's Trust Fund).

Strategies to Empower People (STEP) (1%) – Partnership with Office of Family Support in three parishes to provide transportation to Step participants for health, medical, and education.

MHV II (1%) – To support a Homeless Veterans Reintegration Program grant in response to Hurricane Katrina. Funding provided by federal funds from the U.S. Department of Labor, Veterans' Employment and Training Service.

VWIP II (1%) – To support a Veterans Workforce Investment program grant in response to Hurricanes Katrina and Rita. This grant provides assistance to veterans in obtaining and maintaining employment. Funding provided by federal funds from the U.S. Department of Labor, Veterans' Employment and Training Service.

VA Grant & Per Diem (2%) – Provides funding for acquisition and renovation of a building to create transitional housing that will provide 19 beds for homeless veterans. Funding provided by federal funds from the Department of Veterans Affairs (VA) Homeless Providers Grant and Per Diem program.

PBT – Youth Offender (10%) – A work force project designed to help youth offenders enter high growth, high demand jobs, improve reading/math knowledge, to obtain a diploma/GED to enter post secondary education/training by building strategies, partnerships, leveraging resources, and achieving high-performance outcomes. Funding provided by federal funds from the U.S. Department of Labor.

VWIP (5%) – to assist eligible veterans by providing employment, training, support services, networking information, and/or other assistance. Funding provided by federal funds from the U.S. Department of Labor, Veterans Employment and Training Services.

General Services (1%) – 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.

B. Basis of Accounting

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

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

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.

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 2006 or 2005.

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 there from 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

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

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.

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, 2006, this account was funded in an amount greater than the security deposit liability.

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, 2006, \$425,039 was held at financial institutions. Of this amount, \$310,165 was insured by the FDIC, and the remaining \$114,874 was uninsured. At December 31, 2005, \$355,488 was held at financial institutions. Of this amount, \$306,440 was insured by the FDIC, and the remaining \$49,048 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, 2006 and 2005, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(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, 2006 and 2005, but not received until after that date.

(4) 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, 2006 and 2005
(Continued)

(5) Unrestricted Operating Net Assets

Unrestricted, undesignated operating net assets at December 31, 2006 and 2005, are detailed by individual program as follows:

	<u>2006</u>	<u>2005</u>
St. Amant Learning	\$ 2,107	\$ 51,021
Child Nutrition	-	(10,529)
Emergency Assistance	4	-
Rental Housing Project	18,210	15,253
Literacy Education	-	(1,595)
Emergency Shelter Grants	(5)	(4)
21 st Century	-	(973)
CTF	3	-
STEP	3,897	-
VA Grant	28,034	-
Donation Act	-	(61)
Disaster Relief	197	6,428
General Services	(122,574)	(50,801)
	<u>\$ (70,127)</u>	<u>\$ 8,739</u>

Designated net assets at December 31, 2006 and 2005 consists of funds designated to be used only for the operations of the following programs:

	<u>2006</u>	<u>2005</u>
Rental Housing Program	\$ 75,343	\$ 74,255
Child Nutrition	5,524	-
	<u>\$ 80,867</u>	<u>\$ 74,255</u>

(6) Property and Equipment

An analysis of the property and equipment at December 31, 2006 is as follows:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings and improvements	20 - 30 years	\$ 1,313,639	\$ 1,025,418	\$ 2,339,057
La Posada Apartment buildings	30 years	1,941,402	-	1,941,402
Land		31,500	136,000	167,500
Furniture and equipment	5 - 7 years	517,607	37,341	554,948
Vehicles	3 - 5 years	271,256	345,363	616,619
Accumulated depreciation		(814,835)	(682,561)	(1,497,396)
Net investment in property and equipment		<u>\$ 3,260,569</u>	<u>\$ 861,561</u>	<u>\$ 4,122,130</u>

Depreciation expense for the year ended December 31, 2006 was \$308,850.

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Notes to Financial Statements
 December 31, 2006 and 2005
 (Continued)

An analysis of the property and equipment at December 31, 2005 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	20 - 30 years	\$ 1,313,639	\$ 1,025,418	\$ 2,339,057
La Posada Apartment buildings	30 years	-	1,941,402	1,941,402
Land		31,500	136,000	167,500
Furniture and equipment	5 - 7 years	501,384	29,131	530,515
Vehicles	5 years	229,156	338,164	567,320
Accumulated depreciation		<u>(677,720)</u>	<u>(526,292)</u>	<u>(1,204,012)</u>
Net investment in property and equipment		<u>\$ 1,397,959</u>	<u>\$ 2,943,823</u>	<u>\$ 4,341,782</u>

Depreciation expense for the year ended December 31, 2005 was \$279,663.

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

(7) Due To and Due From Other Funds

Fund	2006		2005	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Unrestricted	\$ 347,879	\$ 36,881	\$ 378,971	\$ 113,784
Restricted Funds:				
Home Energy Assistance	4,813	-	7,561	6,855
Community Services	-	13,387	-	73,398
Weatherization Assistance	-	7,147	3,000	59,058
Head Start Program	-	6,585	18,888	22,491
St. Amant Learning	2,924	3,517	53,891	7,981
Drug-Free and Literacy Education	294	12,708	5,474	2,400
Child and Adult Care Food Program	165	10,420	-	25,121
EITC	-	12,821	-	-
After School for All	7	8	2,600	2,640
Emergency Assistance	-	-	133	-
Veteran's Program	3,294	3,225	19,276	3,504
Literacy Education	-	43,812	-	46,500
Emergency Shelter Grants Program	817	15,936	1,081	22,814
Man to Man	-	30,504	-	-
Teen Pregnancy Prevention Program	1,642	84,752	39,883	44,562
EL / Civics	-	25	5,027	5,052
21 st Century	-	64,810	-	95,521
CTF	-	1,640	-	-
Step Transportation	-	3,287	-	-
MHV II	-	519	-	45
VWIP II	56	111	-	994
VA Grant & Per Diem	-	238	-	13,044
Donation Act	-	395	-	1,457
Disaster Relief	-	-	-	510
HS Local FGB	-	100	-	100
HS Local Fel	-	-	11	-
Summer Feed	-	-	1,847	988
PBT - Youth Offender	112	9,275	3,370	5,254
VWIP	-	-	13,269	139
	<u>\$ 362,003</u>	<u>\$ 362,003</u>	<u>\$ 554,262</u>	<u>\$ 554,262</u>

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

(8) Long-term Debt

Long-term debt at December 31, 2006 and 2005 consisted of the following:

	2006	2005
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	\$ -	\$ 7,549
Note payable to a bank, interest of 8.0%, principle due on demand; final payment due March 6, 2007; unsecured	25,000	-
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	14,201	20,886
Note payable to a bank, due in monthly installments of \$2,362 including interest at 7.50%, secured by real estate; final payment due September, 2009	69,984	92,456
Note payable to a bank, due in monthly installments of \$3,118.00 including interest at 7.5%, secured by building; final payment due February, 2007	8,554	40,705
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, 2005, due in monthly installments of \$9,620.51, including interest at 7.0%, final payment due January, 2010. Loan is also guaranteed by the U.S. Department of Agriculture for \$1,080,000 under a loan note guarantee.	981,267	1,025,899
Note payable to a bank, due in monthly installments of \$758.91 including interest at December 31, 2006 of 9.0%; final payment due April 2011; secured by real estate.	31,673	-
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	1,064,054	1,097,047
Note payable to a bank, interest of 8.25%; due in 35 monthly installments of \$1,200, including interest, final payment due June 5, 2009, the loan is unsecured	58,076	66,255
Note payable to a bank, interest of 9.75%; principal due January, 2008; unsecured	38,976	42,317

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Notes to Financial Statements
December 31, 2006 and 2005
(Continued)

Note payable to a bank, variable interest rate, 6.9% at December 31, 2006; principle due September, 2007; secured by real estate.	95,902	98,882
Note payable to a bank, variable interest rate, 7.25% at December 31, 2006, due in 59 monthly payments of \$4,569.29, including interest; principle balance due July 2009; secured by real estate.	398,674	415,603
Note payable to a bank, interest of 7.75%; accrued interest payments due monthly; principle balance due July 2010; secured by real estate	-	143,678
Note payables to a finance company, interest from 0% to 3.90%; payments due monthly, final payments due in 2010 secured by vehicles.	<u>120,048</u>	<u>145,457</u>
Total Debt	2,906,409	3,196,734
Less current installments on long-term debt	<u>(305,896)</u>	<u>(434,738)</u>
Non-current portion of long-term debt	<u>\$2,600,513</u>	<u>\$2,761,996</u>

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

For the Year Ending December 31,	Approximate Amount
2007	\$ 305,896
2008	225,031
2009	1,371,553
2010	73,175
2011	36,700
2012 – thereafter	<u>884,054</u>
	<u>\$ 2,906,409</u>

Interest expense on these notes for the years ended December 31, 2006 and 2005 was \$164,784 and \$168,784, 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, 2006 and 2005 were \$137,996 and \$121,088, respectively.

(10) Contractual Revenue – Grants

During the years ended December 31, 2006 and 2005, QACAA received contractual revenue from federal and state grants in the amount of \$6,969,959 and \$7,947,753, 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, 2006 and 2005
(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, 2006 and 2005, were as follows:

	2006	2005
Buildings	\$ 123,800	\$ 120,892
Equipment	59,826	22,848
	\$ 183,626	\$ 143,740

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, 2006, was \$68,751. The amount on hand at December 31, 2006, was \$71,647 which was funded. This amount is including in restricted deposits and funded reserves in the accompanying financial statements.

(14) Accrued Liabilities

Accrued liabilities at December 31, 2006 and 2005, consisted of the following:

	2006	2005
Payroll liabilities	\$ 175,729	\$ 102,609
Accrued interest payable	2,067	2,094
	\$ 177,796	\$ 104,703

(15) Contingency

Quad is the defendant in one lawsuit of which the ultimate outcome is unknown at this time. In the opinion of legal counsel, the potential loss will not be significant to Quad's financial statements.

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Financial Position
 December 31, 2008
 (With Comparative Totals for 2008)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	St. Amant Learning	Drug Free	Child Nutrition
Current assets:							
Cash	\$ 4,065	\$ 279	\$ 1,458	\$ 2,461	\$ 2,731	\$ 334	\$ 4,424
Grant receivables		13,108	24,719	4,123		13,364	11,356
Other receivables							
Prepaid expenses	4,813				2,924	294	165
Due from other funds	6,878	13,367	26,176	6,584	5,655	13,982	15,944
Total current assets							
Restricted deposits and funded reserves							
Property and equipment		55,811	1,800	1,880,168			
Accumulated depreciation		(41,868)	(687)	(871,898)			
Net property and equipment		14,142	933	1,108,270			
Total Assets	\$ 8,878	\$ 27,529	\$ 27,108	\$ 1,194,854	\$ 5,655	\$ 13,982	\$ 15,944
Liabilities and Net Assets							
Current liabilities:							
Accounts payable			\$ 19,028	\$	\$ 31	\$ 1,274	\$
Accrued liabilities							
Due to other funds		13,987	7,147	6,585	3,517	12,708	10,420
Current portion long-term debt				50,113			
Refundable advances	8,878						
Total current liabilities	8,878	13,987	26,176	56,898	3,548	13,982	10,420
Deposits and prepayment liabilities:							
Tenants' security deposits				376,870			
Long-term debt							
Total liabilities	8,878	13,987	26,176	435,698	3,548	13,982	10,420
Net assets:							
Unrestricted:					2,107		5,524
Operating - undesignated							
Designated		14,142	933	758,286			
Fixed assets		14,142	933	758,286	2,107		6,524
Total net assets							
Total Liabilities and Net Assets	\$ 8,878	\$ 27,529	\$ 27,108	\$ 1,194,854	\$ 5,655	\$ 13,982	\$ 15,944

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Financial Position
 December 31, 2008
 (With Comparative Totals for 2005)
 (Continued)

	EITC	After School For All	Foster Grandparents Program	Retired Senior Volunteer Program	Emergency Assistance	Rental Housing Project	Veterans Assistance Programs
Assets							
Current assets:							
Cash	\$ 12,821	\$ 1	\$ 462	\$ 1,182	\$ 2,596	\$ 12,813	\$ 7,600
Grant receivables			631				
Other receivables							
Prepaid expenses		7				8,994	3,294
Due from other funds		8	1,093	1,182	2,596	19,807	10,894
Total current assets	12,821	15	1,555	2,364	5,192	32,614	21,988
Restricted deposits and funded reserves						81,193	
Property and equipment		10,477	4,818	3,208		1,877,162	6,902
Accumulated depreciation		(7,215)	(4,819)	(2,484)		(218,495)	(3,596)
Net property and equipment		3,262		742		1,758,744	3,336
Total Assets	\$ 12,821	\$ 3,270	\$ 1,093	\$ 1,924	\$ 2,596	\$ 1,859,744	\$ 14,230
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$	\$	\$ 1,093	\$	\$ 2,592	\$ 710	\$ 3,864
Accrued liabilities						887	
Due to other funds	12,821	8				39,324	3,225
Current portion long-term debt				1,182			3,805
Refundable advances			1,093	1,182	2,592	34,921	10,894
Total current liabilities	12,821	8	2,186	2,364	5,184	74,962	17,788
Deposits and prepayment liabilities						5,850	
Tenants' security deposits						1,030,730	
Long-term debt						1,071,601	10,894
Total liabilities	12,821	8	2,186	2,364	5,184	1,107,343	28,682
Net assets:							
Unrestricted:							
Operating - designated					4	18,210	
Designated						75,343	
Fixed assets		3,262		742		694,800	3,336
Total net assets		3,262		742	4	788,243	3,336
Total Liabilities and Net Assets	\$ 12,821	\$ 3,270	\$ 1,093	\$ 1,924	\$ 2,596	\$ 1,859,744	\$ 14,230

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Condensing Schedule of Financial Position
 December 31, 2008
 (With Comparative Totals for 2008)
 (Continued)

	Literacy Education	Emergency Shelter Grants Program	Man to Man	Teen Pregnancy Prevention Program	EL/ Civics	21st Century	CTF
Assets							
Current assets:							
Cash	\$ 222	\$ 6,717	\$ 6,917	\$ 27,788	\$ 25	\$ 245	\$
Grant receivables	44,702	10,857	24,809	55,322		84,566	1,643
Other receivables							
Prepaid expenses							
Due from other funds		817		1,642			
Total current assets	44,924	18,391	31,526	84,752	25	84,810	1,643
Restricted deposits and funded reserves							
Property and equipment	7,548	1,716	2,013	15,964	6,961	85,920	
Accumulated depreciation	(7,548)	(1,716)	(235)	(14,044)	(5,948)	(37,989)	
Net property and equipment			1,778	1,920	815	57,952	
Total Assets	\$ 44,924	\$ 18,391	\$ 33,304	\$ 86,672	\$ 940	\$ 122,762	\$ 1,643
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 1,012	\$	\$ 1,022	\$	\$	\$	\$
Accrued liabilities							
Due to other funds	43,812	15,936	30,504	84,752	25	84,810	1,640
Current portion long-term debt							
Refundable advances		2,460					
Total current liabilities	44,924	18,396	31,526	84,752	25	84,810	1,640
Deposits and prepayment liabilities							
Tenants' security deposits							
Long-term debt							
Total liabilities	44,924	18,396		84,752	25	84,810	1,640
Net assets:							
Unrestricted:							
Operating - designated							3
Designated							
Fixed assets							
Total net assets		(5)	1,778	1,920	815	57,952	
Total Liabilities and Net Assets	\$ 44,924	\$ 18,391	\$ 33,304	\$ 86,672	\$ 940	\$ 122,762	\$ 1,643

(Continued)

Qued Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Financial Position
 December 31, 2006
 (With Comparative Totals for 2005)
 (Continued)

	STEP	MRV II	VWIP II	VA Grant & Per Diem	Donation Act	Disaster Relief	HS Local FGB
Assets							
Current assets:							
Cash	\$ 2,009	\$ 604	\$ 1,488	\$ 14,865	\$ 395	\$ 197	\$ 100
Grant receivables	5,175			13,637			
Other receivables							
Prepaid expenses							
Due from other funds			56				
Total current assets	7,184	604	1,554	28,272	395	197	100
Restricted deposits and funded reserves							
Property and equipment				13,000			
Accumulated depreciation				(650)			
Net property and equipment				12,350			
Total Assets	7,184	604	1,554	40,622	395	197	100
Liabilities and Net Assets							
Liabilities and Net Assets:							
Current liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities							
Due to other funds	3,287	619	111	238	395		100
Current portion long-term debt							
Refundable advances		85	1,443				
Total current liabilities	3,287	604	1,554	238	395		100
Deposits and prepayment liabilities							
Tenants' security deposits							
Long-term debt							
Total liabilities	3,287	604	1,554	238	395		100
Net assets:							
Unrestricted:							
Operating - undesignated	3,897			28,034		197	
Designated							
Fixed assets				12,350			
Total net assets	3,897			40,384		197	
Total Liabilities and Net Assets	7,184	604	1,554	40,622	395	197	100

(Continued)

Qued Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Financial Position
 December 31, 2006
 (With Comparative Totals for 2005)
 (Continued)

	PBT - Youth Offender	VWVP	General Services	Total
	2006	2006	2006	2006
Assets				
Current assets:				
Cash	\$ 816	\$	\$ 13,238	\$ 134,478
Grant receivables	8,647		14,238	343,888
Other receivables			305	15,978
Prepaid expenses			6,964	6,958
Due from other funds	112		347,879	554,282
Total current assets	<u>9,275</u>		<u>375,690</u>	<u>1,065,141</u>
Restricted deposits and funded reserves				
Property and equipment				74,255
Accumulated depreciation	32,356	15,832	1,508,373	5,645,794
Net property and equipment	<u>(9,939)</u>	<u>(7,481)</u>	<u>(484,155)</u>	<u>(1,204,012)</u>
Total Assets	<u>\$ 34,702</u>	<u>\$ 8,141</u>	<u>\$ 1,419,878</u>	<u>\$ 5,471,178</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$	\$	\$ 18,459	\$ 95,780
Accrued liabilities			178,908	104,703
Due to other funds	9,275		38,691	382,003
Current portion long-term debt			222,458	434,738
Refundable advances				17,853
Total current liabilities	<u>9,275</u>		<u>454,506</u>	<u>1,292,586</u>
Deposits and prepayment liabilities				
Terrettis security deposits				5,860
Long-term debt			1,189,913	2,781,988
Total liabilities	<u>9,275</u>		<u>1,645,421</u>	<u>4,080,431</u>
Net assets:				
Unrestricted:				
Operating - designated			(122,574)	9,759
Designated			80,887	74,266
Fixed assets	25,427	8,141	(102,989)	1,327,783
Total net assets	<u>25,427</u>	<u>8,141</u>	<u>(225,543)</u>	<u>1,410,747</u>
Total Liabilities and Net Assets	<u>\$ 34,702</u>	<u>\$ 8,141</u>	<u>\$ 1,419,878</u>	<u>\$ 5,471,178</u>

Qued Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2006
 (With Comparative Totals for 2005)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	St. Amant Learning	Drug Free	Child Nutrition
Revenues and Other Support:							
Contractual revenue-grant	\$ 111,673	\$ 1,028,284	\$ 236,170	\$ 681,727	\$ 38,058	\$ 101,861	\$ 123,918
Rents							
Rental assistance subsidy							
Fees earned							
Miscellaneous revenues				11,248	2,215	1,000	2,106
Total revenues and other support	<u>111,673</u>	<u>1,028,284</u>	<u>236,170</u>	<u>982,875</u>	<u>40,303</u>	<u>102,881</u>	<u>126,024</u>
Expenses:							
Salaries	84,928	665,367	53,472	581,404		56,777	31,570
Fringe benefits	14,752	122,802	21,313	106,371		6,963	5,601
Travel	1,376	12,609		16,788		7,173	
Space costs	376	84,425		59,824	21,523	7,113	4,494
Telephone	278	23,632		18,571	10,672		1,242
Operating and maintenance							
Administrative							
Taxes and insurance	600	42,788	11,000	12,067	588		
Insurance		4,505	806	4,720			
Equipment expenses		8,877	87,170	21,661	15,839	14,670	4,790
Supplies		6,000	60,713	3,498	27,296	4,000	
Professional services and contract labor				1,815			61,232
Food and related supplies		3,399	1,698	11,634	9,765		1,142
Miscellaneous							
Vehicle expenses							
Volunteer expenses							
Client assistance payments	5,676	48,953					
Interest expense							
Depreciation expense				43,316			
Total expenses	<u>107,987</u>	<u>1,017,698</u>	<u>236,490</u>	<u>982,823</u>	<u>84,703</u>	<u>97,992</u>	<u>109,971</u>
Changes in net assets	3,686	10,586	(320)	4,152	(44,400)	4,888	16,063
Net assets, beginning of year							
Transfer	(3,686)	3,556	1,263	755,134	51,021	1,111	(10,529)
Net assets, end of year	\$	\$ 14,142	\$ 933	\$ 759,286	\$ 2,107	\$	\$ 5,524

(Continued)

Quid Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2006
 (With Comparative Totals for 2005)
 (Continued)

	EITC	After School For All	Foster Grandparents Program	Retired Senior Volunteer Program	Emergency Assistance	Rental Housing Project	Veterans Assistance Programs
Revenues and Other Support:							
Contractual revenue-grant	\$ 12,821	\$ 457,363	\$ 473,452	\$ 75,021	\$ 52,094	\$	\$ 505,772
Rents						20,555	
Rental assistance subsidy						178,978	
Fees earned						3,379	
Miscellaneous revenues			631				
Total revenues and other support	12,821	457,363	474,083	75,021	52,094	200,812	505,772
Expenses:							
Salaries	9,400	266,287	89,874	35,418			274,440
Fringe benefits	1,781	38,280	15,814	5,377			46,860
Travel		24,188	3,380	2,180			26,412
Space costs	1,000	7,700	22,800	3,500		26,626	3,000
Telephone	420	3,087	4,084	734			2,000
Operating and maintenance						49,466	
Administrative						54,010	
Taxes and insurance						22,960	
Insurance		9,280					3,800
Equipment expenses		3,888					
Supplies		91,991	780	484			37,082
Professional services and contract labor	300	2,150	2,302	500			54,307
Food and related supplies					13,134		
Miscellaneous	420	949		213			22,071
Vehicle expenses		9,970	334,849	23,404			14,400
Volunteer expenses							
Client assistance payments					37,867		
Interest expense							
Depreciation expense		2,095				10,792	
Total expenses	12,321	449,845	474,083	78,544	52,090	212,409	485,652
Changes in net assets	500	7,518		(823)	4	(11,497)	20,220
Net assets, beginning of year		5,358		1,265		798,740	4,716
Transfer	(500)	(9,614)					(21,800)
Net assets, end of year	\$	\$ 3,262	\$	\$ 742	\$ 4	\$ 788,243	\$ 3,338

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2008
 (With Comparative Totals for 2005)
 (Continued)

	Literacy Education	Emergency Shelter Grants Program	Man to Man	Teen Pregnancy Prevention Program	EL / Clinics	21st Century	CTF
Revenues and Other Support:							
Contractual revenue-grant	\$ 212,986	\$ 39,730	\$ 173,724	\$ 581,218	\$	\$ 301,574	\$ 4,643
Rents							
Rental assistance subsidy							
Fees earned							
Miscellaneous revenues							
Total revenues and other support	<u>212,986</u>	<u>39,730</u>	<u>173,724</u>	<u>581,218</u>		<u>301,574</u>	<u>4,643</u>
Expenses:							
Salaries	141,235	7,905	120,323	282,312		164,372	
Fringe benefits	23,578	1,487	17,746	45,424		22,855	
Travel			6,467	34,184			
Space costs			600	15,805			
Telephones			3,700	11,732			
Operating and maintenance							
Administrative							
Taxes and insurance			800	19,058		2,000	
Insurance							
Equipment expenses							
Supplies	11,527		15,776	91,028		18,804	2,420
Professional services and contract labor	27,202			3,276		92,570	
Food and related supplies							
Miscellaneous			5,101	1,412			1,860
Vehicle expenses				40,860			
Volunteer expenses		30,339					
Client assistance payments							
Interest expense							
Depreciation expense							
Total expenses	<u>203,540</u>	<u>39,731</u>	<u>170,646</u>	<u>557,169</u>	<u>1,372</u>	<u>324,581</u>	<u>4,280</u>
Changes in net assets	9,445	(1)	3,178	24,028	(1,372)	(23,007)	363
Net assets, beginning of year	(1,585)	(4)		4,428	2,287	80,959	(360)
Transfer	(7,850)		(1,400)	(29,538)			
Net assets, end of year	\$	\$ (6)	\$ 1,778	\$ 1,920	\$ 915	\$ 57,952	\$ 3

(Continued)

Cued Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2008
 (With Comparative Totals for 2005)
 (Continued)

	STEP	MHV II	VWIP II	VA Grant & Per Diem	Donation Act	Disaster Relief	HS Local FGB
Revenues and Other Support:							
Contractual revenue-grant	\$ 61,425	\$ 107,393	\$ 64,162	\$ 188,966	\$	\$ 10,000	\$
Rents							
Rental assistance subsidy							
Fees earned							
Miscellaneous revenues					1,319		
Total revenues and other support	61,425	107,393	64,162	188,966	1,319	10,000	
Expenses:							
Salaries	28,538	3,600	3,600	4,700			
Fringe benefits	4,216	788	623	1,008			
Travel	6,034	2,410	4,810			1,527	
Space costs	2,230			15,268		6,624	
Telephone	2,400						
Operating and maintenance				6,125			
Administrative							
Taxes and insurance	5,700						
Insurance							
Equipment expenses							
Supplies	229	99,229	23,422	834		3,653	
Professional services and contract labor	300		17,661	73			
Food and related supplies				699	708		
Miscellaneous	800	1,366	9,546	13,000	560	2,613	1,814
Vehicle expenses	7,081		4,200				
Volunteer expenses							
Client assistance payments							
Interest expense							
Depreciation expense							
Total expenses	54,528	107,393	64,162	42,317	1,258	16,231	
Changes in net assets	6,897			126,639	61	(6,231)	
Net assets, beginning of year	(3,000)			12,670	(61)	6,428	
Transfer				(99,125)			
Net assets, end of year	\$ 3,897	\$	\$	\$ 40,384	\$	\$ 197	\$

(Continued)

Quid Area Community Action Agency, Inc.
 Hammond, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2006
 (With Comparative Totals for 2005)
 (Continued)

	PBT -		Total	
	Youth Offender	VWIP	2006	2005
Revenues and Other Support:				
Contractual revenue-grant	\$ 708,865	\$ 365,334	\$ 6,997,993	\$ 7,947,783
Rents			20,656	22,546
Rental assistance subsidy			178,978	171,934
Fees earned			65,987	75,282
Miscellaneous revenues			344,095	430,693
Total revenues and other support	708,865	365,334	7,524,077	8,648,208
Expenses:				
Salaries	395,975	199,819	3,623,546	3,445,902
Fringe benefits	57,149	33,494	615,177	584,846
Travel	22,863	7,758	194,487	206,438
Space costs	9,632	5,390	287,722	308,167
Telephone	6,003	5,400	99,835	73,148
Operating and maintenance			55,591	66,140
Administrative			54,010	55,630
Taxes and insurance			22,980	20,874
Insurance			127,345	118,290
Equipment expenses	10,900	8,778	500	60,018
Supplies	4,380		12,741	31,874
Professional services and contract labor	38,986	94	589,664	610,736
Food and related supplies	84,358	71,182	610,075	733,432
Miscellaneous	3,598		8,358	65,224
Vehicle expenses	41,200	9,879	114,638	275,940
Volunteer expenses		8,400	148,584	28,375
Client assistance payments			366,353	368,668
Interest expense			136,484	1,041,118
Depreciation expense			120,020	164,173
Total expenses	6,716	3,908	103,872	279,663
Changes in net assets	661,638	353,641	7,542,178	8,504,768
Net assets, beginning of year	28,947	11,693	(107,611)	143,440
Transfer	10,480	12,080	(329,721)	1,287,307
	(12,000)	(19,802)	211,789	
Net assets, end of year	\$ 26,427	\$ 8,141	\$ (225,543)	\$ 1,410,747

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

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Head Start Grant No. 06CH0402/15
 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, 2005 to November 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>COB Balances Current Year</u>
Revenues			
Department of Health and Human Service	\$ 1,003,215	\$ 1,003,215	
Grantee's contribution	250,804	242,509	
	<u>1,254,019</u>	<u>1,245,724</u>	
Expenditures:			
Personnel	620,571	576,163	\$ 44,408
Fringe benefits	82,680	105,723	(23,043)
Travel	2,803	6,835	(4,032)
Equipment	80,000	46,820	33,180
Supplies	45,965	18,911	27,054
Contractual	5,080	13,340	(8,260)
Other	166,116	202,243	(36,127)
	<u>1,003,215</u>	<u>970,035</u>	<u>\$ 33,180</u>
Grantee's share	<u>250,804</u>	<u>242,509</u>	
Total all expenditures	<u>\$ 1,254,019</u>	<u>1,212,544</u>	
Revenue over (under) expenditures		33,180	
Fund balance, beginning December 1, 2005		<u> </u>	
Fund balance, ending November 30, 2006		<u>\$ 33,180</u>	

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, 2006 to December 31, 2006

Revenue:	<u>Federal</u>	<u>Nonfederal</u>	<u>Total</u>
Contract revenue	\$ 450,038	\$	\$ 450,038
Nonfederal share		630	630
State revenue		23,414	23,414
Total revenue	<u>450,038</u>	<u>24,044</u>	<u>474,082</u>
Expenditures			
Personnel	87,967	2,007	89,974
Fringe benefits	11,349	4,465	15,814
Travel	3,200	180	3,380
Supplies	162	618	780
Rent	19,800	3,000	22,800
Contractual	2,232	70	2,302
Communications	600	3,484	4,084
Total volunteer support expenses	<u>125,310</u>	<u>13,824</u>	<u>139,134</u>
Volunteer stipends	273,933		273,933
Volunteer travel	44,136	6,269	50,405
Volunteer recognition	1,843	2,608	4,451
Volunteer other	4,816	1,343	6,159
Total volunteer expenses	<u>324,728</u>	<u>10,220</u>	<u>334,948</u>
Total expenditures	<u>450,038</u>	<u>24,044</u>	<u>474,082</u>
Excess revenues (expenditures)			
Fund balance, January 1, 2006	<u> </u>	<u> </u>	<u> </u>
Fund balance, December 31, 2006	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2005 to June 30, 2006

Revenue:	<u>Federal</u>	<u>Nonfederal</u>	<u>Total</u>
Contract revenue	\$ 76,365	\$	\$ 76,365
Nonfederal share			
State revenue		9,309	9,309
Total revenue	<u>76,365</u>	<u>9,309</u>	<u>85,674</u>
Expenditures			
Personnel	34,226	1,525	35,751
Fringe benefits	5,766	3,080	8,846
Travel	1,991	122	2,113
Audit		500	500
Supplies	782	41	823
Space costs	1,395	3,405	4,800
Communications	629	46	675
Total volunteer support expenses	<u>44,789</u>	<u>8,719</u>	<u>53,508</u>
Volunteer meals	5,130		5,130
Volunteer travel	13,718		13,718
Volunteer recognition	12,728		12,728
Volunteer other		590	590
Total volunteer expenses	<u>31,576</u>	<u>590</u>	<u>32,166</u>
Total expenditures	<u>76,365</u>	<u>9,309</u>	<u>85,674</u>
Excess revenues (expenditures)			
Fund balance, July 1, 2005			
Fund balance, June 30, 2006	<u>\$</u>	<u>\$</u>	<u>\$</u>

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

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 11-30-06)	93.600	06CH0402/15	\$ 884,122
Head Start (Fy 11-30-07)	93.600	06CH0402/16	97,483
Drug-Free Communities Support (Fy 9-29-06)	93.276	SP-H79/DFC	85,341
Drug-Free Communities Support (Fy 9-29-07)	93.276	SP-H79/DFC	18,355
Passed through Louisiana Department of Labor Community Services Block Grant	93.568	Unknown	1,028,283
Passed through Louisiana Department of Social Services			
Teen Pregnancy Prevention Program	93.558	633513; 633516; 633517; 633518; 633519	581,218
Earned Income Tax Credit	93.558	644185	12,821
Man to Man	93.558	637761	173,724
STEP Transportation	93.558	630188	57,528
Passed through Louisiana Department of Education After School for All	93.558	Unknown	457,364
Passed through Louisiana Housing Finance Agency			
Home Energy Assistance Program (Fy 9-30-06)	93.568	Unknown	88,599
Home Energy Assistance Program (Fy 9-30-07)	93.568	Unknown	23,074
Weatherization Assistance Program (Fy 3-31-06)	93.568	Unknown	82,658
Weatherization Assistance Program (Fy 3-31-07)	93.568	Unknown	153,512
Total U.S. Department of Health and Human Services			<u>3,744,082</u>

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2008
 (Continued)

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Urban Development</u>			
Passed through The Ascension Parish Council Emergency Shelter Grants Program	14.231	Unknown	\$ 18,209
Passed through Tangipahoa Parish Emergency Shelter Grants Program	14.231	Unknown	7,673
Passed through Livingston Parish Emergency Shelter Grants Program	14.231	Unknown	13,849
Total U.S. Department of Housing and Urban Development			
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education Adult Education 21st Century Community Learning Center	84.002 84.287	Unknown Unknown	211,390 299,771
Total U.S. Department of Education			
<u>The Corporation For National Service</u>			
Direct Programs:			
Foster Grandparent Program (Fy 12-31-06)	94.011	05SFWLA002	450,038
Retired Senior Volunteer Program (Fy 6-30-06)	94.002	04SRWLA004	38,727
Retired Senior Volunteer Program (Fy 6-30-07)	94.002	04SRWLA004	28,165
Total Corporation For National Service			
516,930			

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2008
 (Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Farm Labor Housing Loan	10.405	Unknown	\$ 1,084,054
Rural Rental Assistance Payment	10.427	Unknown	176,978
Community Facilities Loans and Grants	10.786	22-053-0720786570	883,140
Passed through Louisiana Department of Education Child Care Food Program (Head Start)	10.558	Unknown	109,971
Total U.S. Department of Agriculture			<u>2,234,143</u>
U.S. Department of Labor			
Direct Programs:			
Veterans Employment and Training Service (MHV Fy 6-30-06)	17.805	E-9-5-4-0029	132,970
Veterans Employment and Training Service (MHV Fy 6-30-07)	17.805	E-9-5-4-0029	121,906
Veterans Employment and Training Service (NHV Fy 3-31-06)	17.805	E-9-5-4-0001	76,806
Veterans Employment and Training Service (NHV Fy 3-31-07)	17.805	E-9-5-4-0001	174,290
Veterans Employment and Training Service (MHV II Fy 6-30-06)	17.805	E-9-5-5-0053	95,979
Veterans Employment and Training Service (MHV II Fy 6-30-07)	17.805	E-9-5-5-0053	11,414
Veterans Employment and Training Service (VWIP Fy 5-30-06)	17.802	E-9-5-5-0005	365,335
Veterans Employment and Training Service (VWIP II Fy 6-30-06)	17.805	E-9-5-5-0075	50,705
Veterans Employment and Training Service (VWIP II Fy 6-30-07)	17.805	E-9-5-5-0075	13,457
Possibilities for a Better Tomorrow - Youth Offenders	17.261	YF-14832-05-60	708,585
Total U.S. Department of Labor			<u>1,751,247</u>

(Continued)

Quad Area Community Action Agency, Inc.
 Hammond, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2006
 (Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through a local governing board Emergency Food and Shelter (FEMA)	97.024	Unknown	52,090
Total U.S. Department of Homeland Security			<u>52,090</u>
<u>U.S. Department of Veterans Affairs</u>			
Direct Program: VA Homeless Providers Grant and Per Diem Program	84.024	05-114-LA	112,125
Total U.S. Department of Veterans Affairs			<u>112,125</u>
Total federal expenditures			<u>\$ 8,961,509</u>

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

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71157-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
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, 2006, and have issued our report thereon dated May 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, 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 cursive script, appearing to read "Cook & Morehart".

Cook & Morehart
Certified Public Accountants
May 22, 2007

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2006. 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.

As described in items 2006-C1 and 2006-C2 in the accompanying schedule of findings and questioned costs, Quad Area Community Action Agency, Inc., did not comply with requirements regarding cost allocations for its Low-income Home Energy Assistance Program (Liheap) CFDA #93.568, Veterans Employment and Training Service (MHV, NHV, VWIP) CFDA #17.805 and #17.802, and Possibilities for a Better Tomorrow – Youth Offender CFDA #17.261, and did not comply with other compliance requirements for its 21st Century Community Learning Center CFDA #84.287.

Compliance with such requirements is necessary, in our opinion, for Quad Area Community Action Agency, Inc., to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Quad Area Community Action Agency, Inc., 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, 2006.

Internal Control Over Compliance

The management of Quad Area Community Action Agency, Inc. 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 Quad Area Community Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Quad Area Community Action Agency, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the audit committee, 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.



Cook & Morehart
Certified Public Accountants
May 22, 2007

Quad Area Community Action Program, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2006

2005-C1 REPORTABLE CONDITION

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start Program CFDA #93.600; Low-Income Home Energy Assistance Program (Liheap and Weatherization) CFDA #93.568

DEPARTMENT OF EDUCATION – 21st Century Community Learning Center CFDA #84.287

DEPARTMENT OF LABOR – Veterans Employment and Training Service (MHV, MHV II, NHV, VWIP, VWIP II) CFDA #17.805 and #17.802; Possibilities for a Better Tomorrow – Youth Offender CFDA #17.261

Statement of Condition: Quad has a written cost allocation plan. During our audit, we noted that the cost allocation plan was not always updated for significant program changes during the year, including new programs obtained as well as programs relinquished. In addition, the actual allocations of costs to the various programs were not documented in accordance with the cost allocation plan.

Current Status: See repeat finding in current year audit.

2005-C2 REPORTABLE CONDITION

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start Program CFDA #93.600; Low-Income Home Energy Assistance Program (Liheap and Weatherization) CFDA #93.568

DEPARTMENT OF EDUCATION – 21st Century Community Learning Center CFDA #84.287

DEPARTMENT OF LABOR – Veterans Employment and Training Service (MHV, MHV II, NHV, VWIP, VWIP II) CFDA #17.805 and #17.802; Possibilities for a Better Tomorrow – Youth Offender CFDA #17.261

Statement of Condition: During our audit, we noted that funds were loaned from certain programs to other programs during the year. As of December 31, 2005, the following inter-fund loans were outstanding:

NHV – due from Local funds - \$11,996
MHV – due from Local funds - \$6,990
VWIP – due from Local funds - \$9,351
VWIP – due from Local funds - \$3,917
Teen Pregnancy – due from 21st Century - \$5,255
Head Start – due from Teen Pregnancy - \$6,513

Current Status: No finding in current year audit.

(Continued)

Quad Area Community Action Program, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2006
(Continued)

2005-C3 FINDING

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Head Start Program CFDA #93.500

Statement of Condition: During our audit, we tested the agency's compliance with the earmarking requirements related to the enrollment levels of the Head Start program. We noted that the agency was not attaining the required enrollment as stated in the notice of award. The stated enrollment level per the notice of award was 184. As of November, 2005, enrollment was approximately 120 participants, or 66 per cent of the required level.

Current Status: No finding in current year audit.

Quad Area Community Action Program, Inc.
Hammond, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2006

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. No significant deficiencies are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Quad Area Community Action Agency, Inc. were disclosed during the audit.
4. No significant deficiencies 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 following federal award programs expresses a qualified opinion: Low-Income Home Energy Assistance Program (Liheap) CFDA #93.568, 21st Century Community Learning Center CFDA #84.287, Veterans Employment and Training Service (MHV, NHV, VWIP) CFDA #17.805 and #17.802, and Possibilities for a Better Tomorrow – Youth Offender CFDA #17.261. The report on the remaining programs is unqualified.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, 2) Farm Labor Housing Loan Program CFDA #10.405, 3) 21st Century Community Learning Center CFDA #84.287, 4) Veterans' Assistance Programs CFDA #17.805 and 17.802, 5) Home Energy and Weatherization Assistance Program CFDA #93.568, 6) Possibilities for a Better Tomorrow – Youth Offenders CFDA #17.261, 7) Foster Grandparents CFDA #94.011, and 8) Community Facilities Loans and Grants CFDA #10.766.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Quad Area Community Action Agency, Inc. did not qualify as a low-risk auditee.

B. Findings – Financial Statements Audit - None.

(Continued)

Quad Area Community Action Program, Inc.
Hammond, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2006
(Continued)

C. Findings and Questioned Costs – Major Federal Programs Audit

2006-C1 FINDING

DEPARTMENT OF HEALTH AND HUMAN SERVICES – Low-Income Home Energy Assistance Program (Lheap) CFDA #93.568

DEPARTMENT OF LABOR – Veterans Employment and Training Service (MHV, NHV, VWIP) CFDA #17.805 and #17.802; Possibilities for a Better Tomorrow – Youth Offender CFDA #17.261

Statement of Condition: Quad has a written cost allocation plan. During our audit, we noted that the cost allocation plan was not always updated for significant program changes during the year, including new programs obtained as well as programs relinquished. The actual allocations of costs to the various programs were not documented in accordance with the cost allocation plan. In addition, the cost allocation plan has not incorporated the allocation of loan payments on the central administrative office.

Criteria: OMB Circular A-133 Compliance Supplement, Part 3, Section B and OMB Circular A-122 set forth the requirements for allocating costs.

Effect of Condition: Costs that were allocated could be disallowed.

Recommendation: We recommend that Quad update its cost allocation plan as significant new programs are added or deleted. In addition, we recommend that Quad clearly define the various actual allocable costs and the methodology for allocating those costs to the various programs, and that Quad incorporate the allocation of loan payments on the central administrative office into its cost allocation plan.

Response: Quad Area can justify what we allocated to the programs. We are working to revise the allocation plan as we have added and dropped many programs which has significantly changed our budget.

2006-C2 FINDING

DEPARTMENT OF EDUCATION – 21st Century Community Learning Center CFDA #84.287

Statement of Condition: During our audit, we requested attendance records and sign-in sheets for participants in the 21st Century Community Learning Center program. The agency was unable to provide us with the requested information.

Criteria: Quad's contract/agreement with the funding source states that Quad is to maintain average daily attendance of fifty percent (50%) or higher, with at least 550 students served per year.

Effect of Condition: We were unable to test Quad's compliance with this contract provision.

Recommendation: We recommend that Quad maintain adequate records and supporting documentation of participants served. This contract has since been terminated by the funding source.

Response: The records in question were stored in a location at the site. The records were stolen from that location and reported to the authorities; therefore, we were unable to provide the supporting documentation. In addition, this contract has been terminated.

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2006

There were three findings for the prior audit period ended December 31, 2005, as disclosed in the accompanying Summary Schedule of Prior Audit Findings.

There were four management letter comments for the prior year audit for the year ended December 31, 2005. The current status of these comments is shown below.

(1) VETERANS ASSISTANCE ELIGIBILITY

Improvement noted. No comment in current year audit.

(2) FINANCIAL REPORTS

Improvement noted. No comment in current year audit.

(3) ACCOUNTS RECEIVABLE

Improvement noted. No comment in current year audit.

(4) ISSUANCE OF CHECKS

Improvement noted. No comment in current year audit.

Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2006

There are two findings for the current year audit period ended December 31, 2006, as disclosed in the accompanying Schedule of Findings and Questioned Costs. There are no management letter comments for the current year audit period ended December 31, 2006.