

**DELTA AREA ECONOMIC
OPPORTUNITY CORPORATION**

Portageville, Missouri

Consolidated Financial Statements and
Independent Auditors' Report with
Supplemental Information and
Federal Compliance Section

For the Year Ended December 31, 2008

Delta Area Economic Opportunity Corporation
Portageville, Missouri

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JARRED, GILMORE & PHILLIPS, PA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Delta Area Economic Opportunity Corporation
Portageville, Missouri

We have audited the accompanying consolidated statement of financial position of Delta Area Economic Opportunity Corporation as of December 31, 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

The financial statements, referred to above, do not include financial data of Scott City Apartments II, a 100% owned affiliated organization, which should be included in order to conform with accounting principles generally accepted in the United States of America. If the omitted affiliated organization had been included, total assets would have been increased by \$254,055.60 at December 31, 2008, and the unrestricted net assets would have been increased by \$7,690.30 at December 31, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the affiliated organization been susceptible to satisfactory audit tests, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Area Economic Opportunity Corporation as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009 on our consideration of Delta Area Economic Opportunity Corporation'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 consolidated financial statements of Delta Area Economic Opportunity Corporation 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 the financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.



JARRED, GILMORE & PHILLIPS, PA.
Certified Public Accountants

September 28, 2009
Chanute, Kansas

Delta Area Economic Opportunity Corporation
Portageville, Missouri
Consolidated Statement of Financial Position
December 31, 2008

ASSETS

Current Assets	
Cash in Bank - Cash and Cash Equivalents	\$ 846,869.65
Receivables, Net	1,002,391.04
Prepaid Expenses	64,642.33
Inventory	3,618.83
Total Current Assets	<u>1,917,521.85</u>
Noncurrent Assets	
Capital Assets, net	3,064,197.23
Restricted Cash from USDA Debt Service Reserve	45,980.26
Total Noncurrent Assets	<u>3,110,177.49</u>
 TOTAL ASSETS	 <u>\$ 5,027,699.34</u>

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable	\$ 271,895.62
Accrued Annual Leave	41,095.62
Accrued Payroll Withholdings	52,770.26
Refundable Grant Advances	467,618.60
Accrued Interest	36,182.77
Current Portion of Long-Term Debt	107,740.98
Total Current Liabilities	<u>977,303.85</u>
Long-Term Liabilities	
Notes Payable	2,204,900.70
Capital Leases	87,061.23
Less: Current Portion	(107,740.98)
Total Long-Term Liabilities	<u>2,184,220.95</u>
 TOTAL LIABILITIES	 <u>3,161,524.80</u>
Net Assets	
Unrestricted Net Assets	1,835,391.69
Temporarily Restricted Net Assets	30,782.85
TOTAL NET ASSETS	<u>1,866,174.54</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,027,699.34</u>

The accompanying notes are an integral
part of the financial statements

Delta Area Economic Opportunity Corporation

Portageville, Missouri

**Consolidated Statement of Activities
For the Year Ended December 31, 2008****CHANGES IN NET ASSETS****Unrestricted Net Assets****Revenues and Gains**

Grant Revenue - Federal	\$ 13,384,536.22
Grant Revenue - State	215,143.47
Grant Revenue - Other	284,559.80
Fee Income	203,409.72
Housing Rent	6,099.43
Contributions	14,898.57
Reimbursements/Carry Forwards	146,498.85
Other Income	78,849.61
Interest Income	24,067.73
Gain (Loss) on Sale of Assets	10,702.76
In-Kind Revenue	563,568.54
Total Revenues and Gains	<u>14,932,334.70</u>

Other**Net Assets Released From Restrictions**

through Satisfaction of Program Restrictions	<u>37,295.17</u>
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Total Unrestricted Revenues, Gains and Other14,969,629.87**Expenses****Program Services**

Early Childhood	8,807,878.72
Community Services	944,827.34
Weatherization Services	268,341.34
Energy Assistance	2,081,880.06
Family Planning	345,634.39
Housing Services	1,135,362.22

Supporting Activities

Management and General	1,217,269.54
Fundraising	19,600.31

Total Expenses14,820,793.92**Increase in Unrestricted Net Assets**148,835.95**Temporarily Restricted Net Assets**

Contributions	11,491.60
Other Income	10,508.43

Net Assets Released From Restrictions

Through Satisfaction of Program Restrictions	<u>(37,295.17)</u>
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Increase in Temporarily Restricted Net Assets(15,295.14)**Increase in Net Assets**133,540.81**Net Assets - Beginning of the Year, As previously Reported**

1,882,357.99

Prior Period Adjustment(149,724.26)**Net Assets - Beginning of the Year, As Restated**1,732,633.73**Net Assets - End of the Year**\$ 1,866,174.54

The accompanying notes are an integral
part of the financial statements

Delta Area Economic Opportunity Corporation
Portageville, Missouri
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2008

	Program Services					Supporting Activities			Total Organization Services	
	Early Childhood	Community Services	Weatherization Services	Energy Assistance	Family Planning	Housing Services	Program Services	Management and General		Fundraising
Salaries and Wages	\$ 3,913,524.72	\$ 355,239.67	\$ 97,878.05	\$ 278,097.56	\$ 129,072.95	\$ 178,825.71	\$ 4,952,638.66	\$ 498,795.88	\$ 10,061.55	\$ 5,461,496.09
Fringe Benefits	1,369,308.19	127,745.97	44,844.71	98,852.83	40,373.43	67,187.25	1,748,312.38	155,543.56	3,137.60	1,906,993.54
Administrative Allotment	-	1,370.40	-	-	-	(1,370.40)	(0.00)	-	-	(0.00)
Advertising	5,624.05	1,085.69	1,164.41	68.26	2,026.34	214.77	10,183.52	4,339.18	87.53	14,610.23
Board Expense	-	-	-	-	-	-	-	11,712.71	236.27	11,948.98
Client Assistance /Program Costs	1,604,178.48	115,352.81	248.69	1,741,364.91	35,915.40	802,708.60	4,299,768.89	14,858.17	299.72	4,314,926.78
Computer Software	13,200.00	-	-	-	2,849.97	1,043.95	17,093.92	492.97	9.94	17,596.83
Contractual	65,998.77	12,567.40	2,336.51	8,564.35	56,144.11	2,705.63	148,316.77	29,188.66	588.79	178,094.22
Depreciation Expense	-	-	-	-	-	-	-	171,595.20	-	171,595.20
Dues and Subscriptions	5,173.14	870.40	74.50	169.50	498.50	7,915.00	14,701.04	15,932.79	321.39	30,955.22
Capital Outlay	62,774.90	25,853.54	3,162.61	3,588.85	6,368.39	20,305.35	122,053.64	55,780.90	1,125.20	178,959.74
In-Kind Expense	563,568.54	-	-	-	-	-	563,568.54	-	-	563,568.54
Insurance	48,916.67	3,488.81	8,854.91	683.42	3,248.49	19,872.43	85,064.73	13,999.12	282.39	99,346.24
Interest Expense	-	-	-	-	-	7,563.96	7,563.96	78,096.14	-	85,660.10
Materials	-	-	77,896.25	-	-	11,676.58	89,572.83	-	-	89,572.83
Postage	11,018.87	1,313.20	431.70	4,023.66	564.92	1,812.70	19,165.05	20,898.05	421.55	40,484.65
Printing and Publications	2,103.90	25.00	-	25.00	100.00	-	2,253.90	2,108.86	42.54	4,405.30
Professional Fees	16,365.90	1,383.87	717.68	547.03	463.05	33,548.45	53,025.98	50,240.90	1,013.45	104,280.33
Rent-Building	215,882.37	34,747.02	900.21	634.79	21,750.00	606.54	274,520.93	2,417.28	48.76	276,986.97
Repairs and Maintenance	113,973.27	23,447.41	3,036.14	2,138.22	3,276.40	647.31	146,518.75	5,000.77	100.87	151,620.39
Supplies	137,851.40	21,719.13	2,160.34	9,865.98	22,434.95	2,447.04	196,478.84	32,425.87	654.09	229,558.80
Telephone	49,040.37	15,056.12	1,844.26	8,171.11	5,347.41	5,671.69	85,130.96	12,211.64	246.33	97,588.93
Training	109,376.77	3,543.80	(544.26)	146.90	421.90	4,526.58	117,471.69	6,812.86	137.43	124,421.98
Transfers To/From	(11,267.24)	154,729.98	144.42	(80,446.54)	-	(59,067.65)	4,092.97	(4,092.97)	-	(0.00)
Travel	96,478.88	24,285.47	4,655.33	2,162.60	7,148.62	17,750.62	152,481.52	8,925.06	180.04	161,586.62
Utilities	153,492.79	14,857.01	3,547.98	2,161.37	5,844.81	6,652.31	186,556.27	11,923.96	240.53	198,720.76
Vehicle Expense	261,293.98	6,144.64	14,986.90	1,060.26	1,784.75	2,117.80	287,388.33	18,061.98	364.34	305,814.65
Total Expenses	8,807,878.72	\$ 944,827.34	\$ 268,341.34	\$ 2,081,880.06	\$ 345,634.39	\$ 1,135,362.22	\$ 13,583,924.07	\$ 1,217,269.54	\$ 19,600.31	\$ 14,820,793.92

The accompanying notes are an integral
part of the financial statements

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	133,540.81
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense		171,595.20
(Gain) Loss on Sale of Assets		(10,702.76)
(Increase) Decrease in Receivables		(347,691.76)
(Increase) Decrease in Prepaid Expense		124,350.91
(Increase) Decrease in Inventory		351.36
Increase (Decrease) in Accounts Payable		(12,195.79)
Increase (Decrease) in Accrued Annual Leave		9,513.89
Increase (Decrease) in Accrued Payroll Withholdings		(195,906.73)
Increase (Decrease) in Refundable Grant Advances		48,293.12
Increase (Decrease) in Accrued Interest		3,652.51
Net Cash Provided by (Used in) Operating Activities		<u>(75,199.24)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Purchase of Capital Assets	(631,125.88)
Proceeds from the Sale of Capital Assets	10,702.76
Payments to USDA Debt Service Reserve	<u>(12,411.41)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(632,834.53)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the Issuance of Capital Leases	591,712.50
Principal Payments on Long-Term Debt	(52,183.08)
Principal Payments on Capital Leases	<u>(41,468.78)</u>
Net Cash Provided by (Used in) Financing Activities	<u>498,060.64</u>

Net Increase (Decrease) in Cash and Cash Equivalents (209,973.13)

Cash and Cash Equivalents, Beginning of the Year 1,056,842.78

Cash and Cash Equivalents, End of the Year \$ 846,869.65

Supplemental Information:

Cash Paid for Interest \$ 84,222.82

The accompanying notes are an integral
part of the financial statements

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Notes to the Consolidated Financial Statements

December 31, 2008

1. NATURE OF ACTIVITIES

Delta Area Economic Opportunity Corporation (the "Organization") is a nonprofit organization which serves the economically and socially disadvantaged persons in Scott, Stoddard, Mississippi, New Madrid, Dunklin, and Pemiscot counties in southeast Missouri. The consolidated financial statements include the accounts of Delta Area Economic Opportunity Corporation and an affiliated organization, Delta Area Community Development Corporation (DACDC). Material intercompany transactions and balances have been eliminated. The consolidated financial statements do not include the accounts of Scott City Apartments II, a 12 unit apartment complex located in Scott City, Missouri, which is a 100% owned affiliated organization of Delta Area Economic Opportunity Corporation.

The Organization provides services, assistance, and activities to aid those of low income by enlarging employment opportunities, by improving human performance, motivation and productivity, and by bettering the conditions in which people live, learn, and work. The Organization administers the following grants to meet the needs of the area it serves: Head Start Programs, Low-Income Home Energy Assistance Programs, Community Services Block Grant Programs, Supportive Housing Assistance and Counseling, Family Planning, Employment and Training, and others.

DACDC is the general partner for the twenty seven limited partnerships established to provide affordable housing for low income individuals. DACDC did not have any activity for the year ended December 31, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are 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 a 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid instruments with a maturity of three months or less when acquired.

Capital Assets

Capital assets are stated at cost, if purchased, and at fair value at the date of donation, if donated. Such items acquired under grants from Federal and state sources are considered to be owned by the Organization while used in the programs for which they are purchased or in programs authorized in the future. The Organization's capitalization policy includes items with a useful life of more than one year and an initial value of \$5,000.00 or more. Capital assets purchased or donated to the Organization are depreciated based on estimated useful lives using the straight-line method as follows:

Buildings	40 Years
Leasehold Improvements	15-20 Years
Equipment	3-10 Years
Vehicles	5 Years

Income Taxes

The Organization is exempt from Federal income taxes under IRS Code Section 501(c)3. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

In-Kind Goods/Services

The Organization receives donated services as part of its Head Start and other various programs. In-kind contributions are shown both as support and expenditures in these programs, and are recorded at the fair value of the goods or services at the time of donation. Amounts included are only those allowable under SFAS No. 116.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of December 31, 2008, the Organization had no promises to give.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocated Costs

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various allocation methods.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on management's evaluation of outstanding unsecured grant and contracts receivable at the end of the year. Management considers all receivables outstanding as collectible at December 31, 2008.

3. CONCENTRATION OF CREDIT RISK

At year-end, the Organization's carrying amount of deposits including the USDA restricted cash was \$892,699.91 and the bank balance was \$1,073,781.13. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$251,000.00, was covered by FDIC insurance, \$822,781.13, was collateralized with securities held by the pledging financial institutions' agents in the Organization's name.

4. RECEIVABLES, NET

Receivables at December 31, 2008, consist of amounts due under the following:

Community Services Block Grant	\$ 43,696.00
Housing Unrestricted – MACO Distributions	15,840.43
Bootheel Home Repair Grant	3,595.00
MHDC Home Repair Grant	56,226.21
Atmos Gas Utility Funds Grant	29,006.00
DOE/Weatherization Grant	68,511.97
Ameren UE Gas I Grant	8,955.60
Ameren UE Gas II Grant	22,012.03
Share the Warmth Grant	8,035.07
Emergency Shelter Grant	20,769.00
HUD-SHP Transitional Housing Grant	46,903.79
HUD-SHP Permanent Housing Grant	34,336.73
USDA/CCFP Grant	98,746.23
Head Start Grant	453,826.73
Head Start-USDA Reimbursement	16,093.05
MACO – Performance Incentive/Surplus	75,527.29
Employee Travel Advance	309.91
	<u>\$ 1,002,391.04</u>

All grant and contracts receivable at December 31, 2008, are considered collectible. Accordingly, the allowance for uncollectibility is zero.

5. INVENTORY

Inventory consists of the following at December 31, 2008:

Weatherization Materials	\$ 3,618.83
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6. CAPITAL ASSETS

Following are the changes in capital assets for the year ended December 31, 2008:

	Balance 12/31/2007	Additions	Retirements	Balance 12/31/2008
Capital assets				
Land	\$ 92,787.00	\$ -	\$ -	\$ 92,787.00
Buildings and Improvements	2,393,302.63	-	-	2,393,302.63
Construction in Progress	-	573,125.88	-	573,125.88
Equipment	156,097.45	-	-	156,097.45
Vehicles	1,734,202.00	58,000.00	216,078.00	1,576,124.00
Vehicles under Capital Lease	144,638.00	-	-	144,638.00
Total Capital Assets	4,521,027.08	631,125.88	216,078.00	4,936,074.96
Accumulated Depreciation				
Buildings and Improvements	(213,574.95)	(61,719.11)	-	(275,294.06)
Equipment	(131,576.85)	(6,973.87)	-	(138,550.72)
Vehicles	(1,565,319.56)	(73,974.62)	(216,078.00)	(1,423,216.18)
Vehicles under Capital Lease	(5,889.17)	(28,927.60)	-	(34,816.77)
Total Accumulated Depreciation	(1,916,360.53)	(171,595.20)	(216,078.00)	(1,871,877.73)
Total Net Capital Assets	\$ 2,604,666.55	\$ 459,530.68	\$ -	\$ 3,064,197.23

7. REFUNDABLE GRANT ADVANCES

Refundable grant advances at December 31, 2008, consist of grant funds received in excess of expenditures in the following programs:

LiHEAP – Energy Assistance	\$ 443,004.59
MHTF Grant	4,103.26
Shelter Plus Care	9,560.00
FEMA	550.75
USDA/CCFP	10,400.00
	<u>\$ 467,618.60</u>

8. NOTES PAYABLE

The Organization has the following notes payable which are secured by real estate mortgages.

The Organization signed an agreement dated May 27, 2004, with First State Bank and Trust Company, Inc. to assist in the building of the family planning center in Malden, Missouri, which requires 120 monthly consecutive principal and interest payments at \$681.65 each, beginning June 27, 2004, including interest at 4.750% through May 27, 2014. The note is secured by real property located in Malden, Missouri. The balance on this note at December 31, 2008 is:

\$ 38,990.60

8. NOTES PAYABLE (Continued)

The Organization signed an agreement dated July 15, 2004, with USDA Rural Development to assist in the purchase of a commercial building to house the Sikeston Head Start, which requires 25 annual principal and interest payments at \$24,102.00 each, beginning July 15, 2005, including interest at 4.375% through July 15, 2030. The note is secured by real property located in Sikeston, Missouri and includes a Federal interest on the property. The balance on this note at December 31, 2008, is: \$ 320,888.74

The Organization signed an agreement dated July 15, 2004, with USDA Rural Development to assist in the renovation of a commercial building to house the Sikeston Head Start, which requires 25 annual principal and interest payments at \$22,764.00 each, beginning July 15, 2005, including interest at 4.75% through July 15, 2030. The note is secured by real property located in Sikeston, Missouri and includes a Federal interest on the property. The balance on this note at December 31, 2008, is: 282,885.41

The Organization signed an agreement dated June 16, 2005, with USDA Rural Development to assist in the renovation of the Head Start building in Kennett, Missouri, which requires 25 annual principal and interest payments at \$55,402.00 each, beginning June 16, 2006, including interest at 4.25% through June 16, 2031. The note is secured by real property located in Kennett, Missouri and includes a Federal interest on the property. The balance on this note at December 31, 2008, is: 763,679.33

The Organization signed an agreement dated January 5, 2006, with USDA Rural Development to assist in the purchase of a commercial building to be used to house the Dexter Head Start center, which requires 25 annual principal and interest payments at \$14,596.00 each, beginning January 5, 2007, including interest at 4.125% through January 5, 2032. The note is secured by real property located in Dexter, Missouri. The balance on this note at December 31, 2008, is: 208,385.10

The Organization signed an agreement dated February 25, 2008, with USDA Rural Development to assist in the purchase of a commercial building to be used to house the Caruthersville Head Start center, which requires 25 annual principal and interest payments at \$54,426.00 each, beginning February 26, 2009, including interest at 4.125% through February 26, 2033. The note is secured by real property located in Dexter, Missouri. The balance on this note at December 31, 2008, is: 536,600.00

The Organization signed an agreement dated October 30, 2008, with First State Bank and Trust Company, Inc. to assist in the purchase of five vehicles, which requires 60 monthly consecutive principal and interest payments at \$1,029.12 each, beginning November 30, 2008, including interest at 4.500% through October 31, 2013. The note is secured by real property located in Malden, Missouri. The balance on this note at December 31, 2008 is: 53,471.52

Total Notes Payable \$ 2,204,900.70

8. NOTES PAYABLE (Continued)

The following is a summary of changes in notes payable for the year ended December 31, 2008:

	Principal December 31, 2007	Principal Received (Paid)	Principal December 31, 2008	Interest Paid
<u>Obligations:</u>				
Malden Building	\$ 45,158.65	\$ (6,168.05)	\$ 38,990.60	\$ 2,011.75
Sikeston Building	330,302.46	(9,413.72)	320,888.74	14,688.28
Sikeston Renovations	291,825.67	(8,940.26)	282,885.41	13,823.74
Kennett Renovations	783,589.04	(19,909.71)	763,679.33	35,492.29
Dexter Building	214,495.47	(6,110.37)	208,385.10	8,485.63
Caruthersville Building	0.00	539,600.00	536,600.00	0.00
Vehicles	0.00	58,000.00		
		(1,640.98)	53,471.52	417.26
	<u>\$1,665,371.29</u>	<u>\$ 539,529.41</u>	<u>\$2,204,900.70</u>	<u>\$ 74,918.95</u>

The schedule of maturities of notes payable is as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2009	\$ 107,740.98
2010	88,114.28
2011	91,999.31
2012	96,056.13
2013	98,230.72
2014-2018	460,293.83
2019-2023	564,795.87
2024-2028	585,659.04
2029-2033	<u>112,010.54</u>
Total	<u>\$ 2,204,900.70</u>

9. CAPITAL LEASE OBLIGATIONS

The Organization has entered into a capital lease agreement in order to finance the purchase of a Head Start bus. Payments are made of \$16,108.00 annually, including interest at approximately 7.00%. Final maturity for the lease is in 2011. Future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Totals</u>
2009	\$ 16,108.00
2010	16,108.00
2011	<u>16,108.00</u>
	48,324.00
Less imputed interest	<u>(6,051.01)</u>
Net Present Value of Minimum	
Lease Payments	42,272.99
Less: Current Maturities	<u>(13,149.16)</u>
Long-Term Capital Lease Obligations	<u>\$ 29,123.83</u>

9. CAPITAL LEASE OBLIGATIONS (Continued)

The Organization has entered into a capital lease agreement in order to finance the purchase of a Head Start bus. Payments are made of \$17,332.32 annually, including interest at approximately 7.85%. Final maturity for the lease is in 2011. Future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Totals</u>
2009	\$ 17,332.32
2010	17,332.32
2011	<u>17,332.32</u>
	51,996.96
Less imputed interest	<u>(7,208.72)</u>
Net Present Value of Minimum Lease Payments	44,788.24
Less: Current Maturities	<u>(13,816.44)</u>
Long-Term Capital Lease Obligations	<u>\$ 30,971.80</u>

10. OPERATING LEASES

As of December 31, 2008, the Organization has entered into a number of operating leases for various office equipment, classroom and office space. Total payments for the year ended December 31, 2008, was \$276,986.97. Under the current lease agreements, the future minimum lease rentals are as follows:

2009	\$ 111,316.00
2010	36,000.00
2011	24,275.00
2012	14,400.00
2013	19,600.00
2014-2032	57,600.00

11. COMPENSATED ABSENCES

Vacation Pay

All regular, full-time and part-time employees are eligible for paid time off benefits based upon the employee's anniversary date. Vacation time is accrued or earned based upon the employee's length of service and on the time actually worked. Unused vacation time may be carried over to the next year up to a maximum of 37.5 hours unless specifically approved by the executive director in advance. Vacation time is earned at a rate of one hour for every sixteen hours worked for employees with zero to five years of service, and at a rate of one hour for every fourteen hours worked for employees with over five years of service.

Sick Leave

All regular, full-time and part-time employees earn paid sick leave annually. All employees accrue sick leave at a rate of one hour for every sixteen hours worked up to a maximum of 600 hours. Unused time earned for sick leave is lost if the employee is terminated for any reason.

11. COMPENSATED ABSENCES (Continued)

The Organization determines a liability for compensated absences when the following conditions are met:

1. The Organization's obligation relating to employees' rights to receive compensation for future absences is attributable to employee services already rendered.
2. The obligation relates to the rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the Organization has accrued a liability for vacation pay which has been earned, but not taken, by Organization employees, however, the Organization has not accrued a liability for sick leave earned, but not taken, by Organization employees, as the amounts can not be reasonably estimated because the obligation to the rights do not vest.

12. EMPLOYEE BENEFIT PLANS

The Organization has a 403(B) plan available for its employees. An employee is eligible after one complete full year of service. The Organization will contribute a portion equal to 2% of an employee's gross wage after one year of service. The Organization will also match a percent contributed by the employee up to 5%. Total contributions made by the Organization into the plan on behalf of the employees for the year ended December 31, 2008 was \$151,099.15.

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets by program are as follows:

Temporarily Restricted Net Assets:

Donations and other revenues received and restricted to use are as follows:

Head Start Non-Federal	\$ 418.27
Domestic Violence Program	50.90
Ameren Energy Assistance	90.00
Atmos – Share the Warmth	8,397.00
Cool Aid Program	11,240.43
County Donations	9,586.25
UHC – JP Morgan Donations	<u>1,000.00</u>
Total Temporarily Restricted Net Assets	<u>\$ 30,782.85</u>

14. IN-KIND CONTRIBUTIONS

Under the grant agreements, the Organization (grantee) receives a percentage of total estimated project funds from the Federal government. The balance of the project funds is contributed to the Organization from non-Federal sources in the form of “in-kind” contributions of services or property from the Organization, delegated agencies, the community, or non-Federal governmental organizations. The services and goods donated are valued according to the grant guidelines. Presently, the Head Start program is the only program requiring in-kind match. In-kind revenues and in-kind expenses that are allowable under SFAS No. 116 have been recognized in the Head Start programs.

Head Start	Mileage	\$ 42,397.06
07CH0974/43	Supplies	420,470.28
	Space	84,691.56
	Professional Volunteers	16,009.64
	Non-professional Volunteers	<u>1,223,254.46</u>
	Total In-Kind	1,786,823.00
	Non-SFAS No. 116	<u>(1,223,254.46)</u>
	SFAS No.116 In-Kind	<u>\$ 563,568.54</u>

The Organization met or exceeded its in-kind requirements for the Head Start and other various programs which ended during the audit period.

15. REAL ESTATE JOINT VENTURES

Bernie Housing Associates, L.P., a limited partnership, owns and operates a 16 unit family affordable housing development project in Bernie, Missouri. The Organization and Delta Area Community Development Corporation (a related entity) are general partners. The limited partners have a 95% ownership interest. Collectively, the Organization, its related entity, and the additional general partner have a 5% interest in the limited partnership. The Organization’s capital contribution was \$100.00. Federal and state grants and tax credits, permanent loan financing, and the capital contributions of the limited partners financed a significant portion of the project’s total cost.

Kennett Housing Associated III, L.P., a limited partnership, owns and operates a thirty-nine unit elderly affordable housing development project in Kennett, Missouri. The Organization and Delta Area Community Development Corporation (a related entity) are general partners. The limited partners have a 95% ownership interest. Collectively, the Organization, its related entity, and the additional general partner have a 5% interest in the limited partnership. The Organization’s capital contribution was \$5.00. Federal and state grants and tax credits, permanent loan financing, and the capital contributions of the limited partners financed a significant portion of the project’s total cost.

Portageville Properties III, L.P., a limited partnership, owns and operates a twenty unit elderly affordable housing development project in Portageville, Missouri. The Organization and Delta Area Community Development Corporation (a related entity) are general partners. The limited partners have a 95% ownership interest. Collectively, the Organization, its related entity, and the additional general partner have a 5% interest in the limited partnership. The Organization’s capital contribution was \$5.00. Federal and state grants and tax credits, permanent loan financing, and the capital contributions of the limited partners financed a significant portion of the project’s total cost.

15. REAL ESTATE JOINT VENTURES (Continued)

The primary reason for admission of the Organization and Delta Area Community Development Corporation (a related entity) as a general partner in these real estate joint ventures is to qualify the projects for federal and state grants, tax credits, and permanent financing which are favorable to the development of the low income housing projects. While the Organization and Delta Area Community Development Corporation (a related entity) have an ownership interest in these real estate joint ventures, the financial nature of these interests are de minimis and are, therefore, not reported in the financial statements.

16. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

17. CONCENTRATION OF RISK

Most of the Organization's revenues are in the form of grants from federal and state sources. The Organization's ability to continue operations if the grant programs were lost or canceled is unknown.

18. SUBSEQUENT EVENTS AND COMMITMENTS

The Organization and the SEMO Health Network have in the past jointly purchased 8.25 acres of land in the City of Kennett, Missouri. The Show Me Hope center will include offices, housing units and a day care center. During the year ended December 31, 2008, the Organization has decided to terminate the joint venture project. The Organization is going to deed a portion of the land to the SEMO Health Network and retain the remaining property in an effort to recover some of the prior expenses associated with this joint venture.

During the year ended December 31, 2008 the Organization has successfully bid and received a HUD housing project. The project will require estimated renovations of \$2,096,324. The project will be funded with the issuance of tax credits and is expected to be completed in the fall of 2009.

19. ACCOUNTING POLICIES CHANGE AND PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2008, the Organization did an in-depth review and reconciliation of all liabilities of the Organization, as a result, beginning balances have been restated to reflect what management believes to be a more accurate presentation of the liabilities of the Organization. Beginning net assets have been restated as follows:

Net Assets, Beginning of the Year, As Reported	\$ 1,882,357.99
Increase in Liabilities	<u>(149,724.26)</u>
Net Assets, Beginning of the Year, As Restated	<u>\$ 1,732,633.73</u>

SUPPLEMENTAL INFORMATION

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Statement of Activities

For the Year Ended December 31, 2008

	Early Childhood			Community Services				Weatherization		
	Head Start -			Fathers for Life				Atmos Gas Project-		
	Federal	USDA	USDA/CCFP	9/30	6/30	9/30	12/31	Weatherization	10/30	Weatherization
Program:										
Year End:	12/31	9/30	9/30	9/30	6/30	9/30	12/31	12/31	10/30	10/30
Fund:	810	820	750	235	205	235	290	240	325	325
CFDA:	93.600	10.558	10.558	93.569	93.600	93.569	97.024	N/A	N/A	N/A
Revenues										
Grant Revenue - Federal	\$ 7,147,291.00	\$ 484,149.00	\$ 1,291,885.11	\$ 989,065.00	\$ 20,851.00	\$ 989,065.00	\$ 59,095.00	\$ -	\$ -	\$ -
Grant Revenue - State	-	-	-	-	-	-	-	27,862.60	-	52,933.00
Grant Revenue - Other	-	-	-	-	-	-	-	-	-	-
Fee Income	-	-	-	-	-	-	-	-	-	-
Housing Rent	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Reimbursements/Carry Forwards	-	-	-	469.94	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	2,000.00	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	1,786,823.00	-	-	-	-	-	-	-	-	-
Total Revenues	8,934,114.00	484,149.00	1,291,885.11	991,534.94	20,851.00	991,534.94	59,095.00	27,862.60	-	52,933.00
Expenditures										
Salaries & Wages	3,775,344.87	41,815.17	82,036.78	355,239.67	14,327.90	355,239.67	-	-	-	18,320.57
Fringe Benefits	1,323,323.25	13,032.93	27,501.44	127,745.97	5,450.57	127,745.97	-	-	-	8,204.59
Administrative Allotment	-	-	-	-	-	-	698.00	672.40	-	-
Advertising	5,419.78	113.88	90.39	1,085.69	-	1,085.69	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-
Building Aquisition	-	-	-	-	-	-	-	-	-	-
Client Assistance/Program Costs	78,537.02	372,916.13	1,152,725.33	29,770.25	-	29,770.25	58,397.00	27,185.56	-	152.63
Computer Software	13,200.00	-	-	-	-	-	-	-	-	-
Contractual	28,633.27	36,317.02	1,048.48	12,567.40	-	12,567.40	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	5,173.14	-	-	870.40	-	870.40	-	-	-	-
Equipment & Capital Improvements	101,247.10	1,120.99	1,825.58	25,853.54	-	25,853.54	-	-	-	807.92
Indirect Cost	637,766.14	6,910.70	13,770.32	62,210.63	-	62,210.63	-	-	-	3,157.13
In-Kind Expense	1,786,823.00	-	-	-	-	-	-	-	-	-
Insurance	48,916.67	-	-	3,488.81	-	3,488.81	-	-	-	930.07
Interest Expense	-	-	-	-	-	-	-	-	-	-
Loss in Housing Project	-	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-	-
Postage	8,816.21	-	2,202.66	1,313.20	-	1,313.20	-	-	-	19,421.82
Printing & Publications	150.90	485.00	1,468.00	25.00	-	25.00	-	-	-	-
Professional Fees	15,067.09	703.11	532.46	1,379.23	63.24	1,379.23	-	4.64	-	-
Rent-Building	215,590.32	-	292.05	34,747.02	-	34,747.02	-	-	-	-
Repairs & Maintenance	113,858.02	13.28	101.97	23,447.41	-	23,447.41	-	-	-	-
Supplies	132,314.91	4,975.59	506.90	21,719.13	54.00	21,719.13	-	-	-	62.50
Telephone	47,049.35	419.13	1,571.89	15,056.12	-	15,056.12	-	-	-	-
Training	109,011.48	170.29	195.00	3,543.80	-	3,543.80	-	-	-	-
Shortfall (To)/From	(11,698.40)	-	-	154,729.98	431.16	154,729.98	-	-	-	(0.87)
Travel	87,105.30	5,155.78	3,704.69	24,285.47	513.11	24,285.47	-	-	-	-
Utilities	152,164.96	-	1,327.83	14,857.01	-	14,857.01	-	-	-	-
Vehicle Expense	260,299.62	-	983.34	6,144.64	11.02	6,144.64	-	-	-	1,876.64
Total Expenditures	8,934,114.00	484,149.00	1,291,885.11	920,080.37	20,851.00	920,080.37	59,095.00	27,862.60	-	52,933.00
Total Revenues Over	-	-	-	-	-	-	-	-	-	-
(Under) Expenditures	-	-	-	71,454.57	-	71,454.57	-	-	-	-
Net Assets Beginning of the Year	-	-	-	271,088.66	-	271,088.66	-	-	50.90	-
Net Assets End of the Year	\$ -	\$ -	\$ -	\$ 342,543.23	\$ -	\$ 342,543.23	\$ -	\$ -	\$ 50.90	\$ -

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Statement of Activities

For the Year Ended December 31, 2008

	Weatherization				Energy Assistance				
	Weatherization		Weatherization Inv		DOE		Ameren UE		
	Utilicare Weatherization 10/31	Weatherization Refund 6/30	Weatherization Refund 6/30	Weatherization Inv 349	Weatherization 6/30	Weatherization 350	Ameren UE 12/31	Ameren UE II 3/31	Ameren Energy Assistance 12/31
Program:									
Year End:									
Fund:									
CFDA:									
Revenues									
Grant Revenue - Federal	\$ -	\$ -	\$ -	\$ -	\$ 158,468.81	\$ -	\$ -	\$ -	\$ -
Grant Revenue - State	30,759.00	-	-	-	-	17,758.27	-	-	-
Grant Revenue - Other	-	-	-	-	-	-	-	-	-
Fee Income	-	-	-	-	-	-	-	-	-
Housing Rent	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Reimbursements/Carry Forwards	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	322.24	-	-	-	10,508.43
Interest Income	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	30,759.00	-	-	-	158,791.05	17,758.27	50,133.03	-	2,117,856.07
Expenditures									
Salaries & Wages	6,926.51	3,871.43	45,192.54	5,879.73	17,687.27	-	-	-	-
Fringe Benefits	2,752.73	1,481.47	21,494.93	3,002.96	7,908.03	-	-	-	-
Administrative Allotment	-	-	-	-	-	-	-	-	-
Advertising	-	-	889.41	-	275.00	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-
Building Acquisition	-	-	-	-	-	-	-	-	-
Client Assistance/Program Costs	-	-	27.00	-	69.06	-	-	-	-
Computer Software	-	-	-	-	-	-	-	-	-
Contractual	-	32.94	2,303.57	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	74.50	-	-	-	-	-	-
Equipment & Capital Improvements	856.32	31.06	1,418.01	-	49.30	-	-	-	-
Indirect Cost	951.37	683.27	9,396.91	1,045.26	2,906.53	-	-	-	-
In-Kind Expense	-	-	-	-	-	-	-	-	-
Insurance	-	-	5,780.07	1,144.77	1,000.00	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Loss in Housing Project	-	-	-	-	-	-	-	-	-
Materials	16,429.79	17,288.54	2,010.91	5,744.81	17,000.38	-	-	-	-
Postage	-	-	431.70	-	-	-	-	-	-
Printing & Publications	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	717.68	-	-	-	-	-	-
Rent-Building	-	83.89	816.32	-	-	-	-	-	-
Repairs & Maintenance	-	10.21	3,025.93	-	-	-	-	-	-
Supplies	891.52	0.68	634.14	266.91	304.59	-	-	-	-
Telephone	-	94.07	1,750.19	-	-	-	-	-	-
Training	-	315.18	(859.44)	-	-	-	-	-	-
Shortfall (To)From	-	(50,344.00)	50,491.29	(2.33)	0.33	-	-	-	-
Travel	-	-	4,655.33	-	-	-	-	-	-
Utilities	-	-	3,547.98	-	-	-	-	-	-
Vehicle Expense	1,950.76	2,558.72	676.16	-	-	-	-	-	-
Total Expenditures	30,759.00	(23,892.54)	158,791.05	17,758.27	50,133.03	-	-	-	-
Total Revenues Over	-	-	-	-	-	-	-	-	-
(Under) Expenditures	-	23,892.54	-	-	-	-	-	-	-
Net Assets Beginning of the Year	-	-	-	-	-	90.00	-	-	-
Net Assets End of the Year	\$ -	\$ 23,892.54	\$ -	\$ -	\$ -	\$ 90.00	\$ -	\$ 8,397.00	\$ 11,240.43

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Statement of Activities

For the Year Ended December 31, 2008

	Family Planning				Housing				
	Family Planning - Show Me Healthy Women	Family Planning - Title X	Family Planning - Program Income	Womens Wellness	Emergency Shelter Grant	HUD SHP- Transitional Housing	Housing Administration	Housing Unrestricted Funds	Boothel Home Repair-AHP
Program:	6/30	6/30	6/30	12/31	3/31	10/31	12/31	12/31	6/30
Year End:	510	530	540	550	710	715	250	251	255
Fund:	93.919	93.217	N/A	N/A	14.231	14.235	93.009	N/A	N/A
CFDA:									
Revenues									
Grant Revenue - Federal	\$ 57,869.22	\$ 231,253.02	\$ -	\$ -	\$ 41,783.69	\$ 157,807.66	\$ 5,841.44		\$ -
Grant Revenue - State	-	-	-	-	-	-	-	-	-
Grant Revenue - Other	-	-	-	-	13,142.33	-	-	-	271,417.47
Fee Income	-	-	33,991.48	-	-	-	-	60,600.95	-
Housing Rent	-	-	-	-	6,099.43	-	-	-	-
Contributions	-	-	10,910.88	-	3,417.75	-	-	-	-
Reimbursements/Carry Forwards	-	-	-	-	-	-	5,371.90	-	-
Other Income	-	-	13,095.00	-	-	2,070.00	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	57,869.22	231,253.02	57,997.36	-	64,443.20	159,877.66	11,213.34	60,600.95	271,417.47
Expenditures									
Salaries & Wages	-	72,461.83	56,611.12	-	30,707.36	51,668.11	52,777.89	-	-
Fringe Benefits	-	29,568.19	10,805.24	-	13,923.12	19,198.53	18,408.65	-	-
Administrative Allotment	-	-	-	-	-	6,955.00	(79,663.59)	-	18,210.69
Advertising	-	-	2,026.34	-	90.39	-	124.38	-	-
Board Expense	-	-	-	-	-	-	-	-	-
Building Aquisition	-	-	-	-	-	-	-	-	-
Client Assistance/Program Costs	25,807.10	-	10,108.30	-	1,188.26	86,097.37	101.02	-	220,065.69
Computer Software	-	2,208.00	641.97	-	213.99	-	829.96	-	-
Contractual	-	56,144.11	-	-	1,649.22	-	998.16	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	199.00	299.50	-	49.50	-	155.50	-	-
Equipment & Capital Improvements	-	3,922.67	2,445.72	-	585.42	-	3,841.93	-	-
Indirect Cost	-	12,472.52	8,494.47	-	6,905.80	-	24,091.91	-	-
In-Kind Expense	-	-	-	-	-	-	-	-	-
Insurance	-	-	3,248.49	-	3,508.64	-	230.79	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Loss in Housing Project	-	-	-	-	-	-	-	1,831.00	-
Materials	-	-	-	-	-	-	-	-	9,845.58
Postage	-	778.12	(213.20)	-	610.20	84.00	711.89	101.28	-
Printing & Publications	-	50.00	50.00	-	-	-	-	-	-
Professional Fees	60.88	294.19	107.98	-	276.19	-	747.26	295.00	-
Rent-Building	-	21,750.00	-	-	416.79	-	189.75	-	-
Repairs & Maintenance	-	1,305.86	1,970.54	-	343.39	-	213.88	-	-
Supplies	-	21,679.42	755.53	-	379.76	1,042.03	1,025.25	-	-
Telephone	-	2,666.76	2,680.65	-	3,873.83	330.00	1,137.86	-	-
Training	-	245.00	176.90	-	156.90	-	4,369.68	-	-
Shortfall (To)/From	32,001.24	87.33	(46,278.41)	14,189.84	(8,482.05)	(9,372.96)	(30,566.44)	(135.89)	-
Travel	-	3,938.38	3,210.24	-	1,895.99	3,875.58	9,257.10	-	-
Utilities	-	1,481.64	4,363.17	-	5,705.37	-	946.94	-	-
Vehicle Expense	-	-	1,784.75	-	445.13	-	1,283.57	-	-
Total Expenditures	57,869.22	231,253.02	63,289.30	14,189.84	64,443.20	159,877.66	11,213.34	2,091.39	248,121.96
Total Revenues Over	-	-	(5,291.94)	(14,189.84)	-	-	-	58,509.56	23,295.51
(Under) Expenditures	-	-	11,251.70	14,189.84	-	-	-	404,511.79	-
Net Assets Beginning of the Year	-	-	-	-	-	-	-	-	-
Net Assets End of the Year	\$ -	\$ -	\$ 5,959.76	\$ -	\$ -	\$ -	\$ -	\$ 463,021.35	\$ 23,295.51

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Statement of Activities

For the Year Ended December 31, 2008

Housing												
Program: Year End: Fund: CFDA:	Shelter Plus Care 3/31 270 14.238	MHDC - Home		HUD SHP-		Eagles Landing		County Donation		County Donations		Kennett Project 12/31 902 N/A
		Repair 12/31 285 14.239	12/31 401,955.81	Permanent Housing 10/31 716 14.235	10/31 108,247.99	12/31 35,697.57	12/31 920 N/A	12/31 840 N/A	12/31 230 N/A	12/31 900 N/A	12/31 901 N/A	
Revenues												
Grant Revenue - Federal	\$ 111,116.40	\$ 401,955.81	\$ 108,247.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Revenue - State	-	-	-	-	-	-	-	-	-	-	-	-
Grant Revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-
Fee Income	-	-	-	-	-	-	-	-	-	-	-	-
Housing Rent	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements/Carry Forwards	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	344.29	-	1,969.00	-	-	100.00	9,135.00	2,356.60	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	111,460.69	401,955.81	110,216.99	35,797.57	2,356.60	9,135.00	-	-	-	-	-	-
Expenditures												
Salaries & Wages	-	-	43,672.35	-	-	-	-	1,937.77	-	-	-	-
Fringe Benefits	-	-	15,656.95	-	-	-	-	-	-	-	-	-
Administrative Allotment	11,531.69	41,595.81	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-
Building Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Client Assistance/Program Costs	98,379.00	341,246.00	55,507.00	124.26	509.51	76.47	-	-	-	-	35,034.40	-
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	58.25	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-
Equipment & Capital Improvements	-	-	1,978.00	-	-	7,710.00	-	-	-	-	-	-
Indirect Cost	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind Expense	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	16,133.00	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	7,563.96	-	-	-	-	-	-
Loss in Housing Project	-	-	-	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	305.33	-	-	-	-	-	-
Printing & Publications	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	1,550.00	20,005.00	-	-	-	10,675.00	-	-	-	-	1,865.60	-
Rent-Building	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	90.04	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	3,349.52	-	-	-	-
Telephone	-	-	-	330.00	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	225.00	-	-	-	-
Shortfall (To)/From	-	-	(891.00)	(9,619.31)	-	-	-	-	-	9,000.00	(42,516.32)	(11,750.25)
Travel	-	-	-	2,633.75	-	88.20	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Expense	-	-	-	-	-	389.10	-	-	-	-	-	-
Total Expenditures	111,460.69	401,955.81	110,216.99	56,978.89	6,021.80	76.47	-	-	9,000.00	-	(5,616.32)	(11,750.25)
Total Revenues Over	-	-	-	(21,181.32)	(3,665.20)	9,058.53	-	-	(9,000.00)	-	5,616.32	11,750.25
(Under) Expenditures	-	-	-	-	-	527.72	-	-	9,000.00	-	(5,616.32)	(11,750.25)
Net Assets Beginning of the Year	-	-	-	-	-	-	-	4,083.47	-	-	-	-
Net Assets End of the Year	-	\$ -	\$ -	\$ (21,181.32)	\$ 418.27	\$ 9,586.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Statement of Activities

For the Year Ended December 31, 2008

Management & General										
	USDA Reserve		Show Me Hope 12/31 908 N/A	UHC-JPMorgan 12/31 910 N/A	Agency Funds 12/31 120 N/A	Indirect Costs		Organization Wide Sub-Total	Elimination Entries	Organization WideTotal
	Account					12/31	130			
	12/31 906 N/A					12/31 N/A				
Program:										
Year End:										
Fund:										
CFDA:										
Revenues	\$	-	\$	-	\$	-	-	\$	-	\$
Grant Revenue - Federal								13,384,536.22		13,384,536.22
Grant Revenue - State								215,143.47		215,143.47
Grant Revenue - Other								284,559.80		284,559.80
Fee Income								203,409.72		203,409.72
Housing Rent								6,099.43		6,099.43
Contributions								67,808.94	(41,418.77)	26,390.17
Reimbursements/Carry Forwards								987,785.67	(841,286.82)	146,498.85
Other Income								89,358.04		89,358.04
Interest Income								24,067.73		24,067.73
Gain (Loss) on Sale of Assets								10,702.76		10,702.76
In-Kind Revenue								1,786,823.00	(1,223,254.46)	563,568.54
Total Revenues	-	-	-	-	381,672.93	844,796.47		17,060,294.78	(2,105,960.05)	14,954,334.73
Expenditures										
Salaries & Wages	-		-	-	11,535.28	495,384.38		5,461,496.09	-	5,461,496.09
Fringe Benefits	-		-	-	-	158,681.16		1,906,993.54	-	1,906,993.54
Administrative Allotment	-		-	-	-	-		-	-	-
Advertising	-		-	-	-	4,426.71		14,610.23	-	14,610.23
Board Expense	-		-	-	(1,400.00)	13,348.98		11,948.98	-	11,948.98
Building Acquisition	-		-	-	602.10	-		49,536.50	-	49,536.50
Client Assistance/Program Costs	-		11,000.00	-	-	3,571.91		4,314,926.78	-	4,314,926.78
Computer Software	-		-	-	-	502.91		17,596.83	-	17,596.83
Contractual	-		-	-	13,691.13	16,086.32		178,094.22	-	178,094.22
Depreciation Expense	-		-	-	171,595.20	-		171,595.20	-	171,595.20
Dues & Subscriptions	-		-	-	4,512.05	11,742.13		30,955.22	-	30,955.22
Equipment & Capital Improvements	-		-	-	467.12	20,802.48		170,842.01	(41,418.77)	129,423.24
Indirect Cost	-		-	-	4,039.42	-		841,286.82	(841,286.82)	-
In-Kind Expense	-		-	-	-	-		1,786,823.00	(1,223,254.46)	563,568.54
Insurance	-		-	-	(549.04)	14,830.55		99,346.24	-	99,346.24
Interest Expense	-		-	-	78,096.14	-		85,660.10	-	85,660.10
Loss in Housing Project	-		-	-	-	-		1,831.00	-	1,831.00
Materials	-		-	-	-	-		87,741.83	-	87,741.83
Postage	-		-	-	1,503.64	19,815.96		40,484.65	-	40,484.65
Printing & Publications	-		-	-	380.89	1,770.51		4,405.30	-	4,405.30
Professional Fees	-		-	-	24,877.84	24,510.91		104,280.33	-	104,280.33
Rent-Building	-		-	-	260.26	2,205.78		276,986.97	-	276,986.97
Repairs & Maintenance	-		-	-	1,508.44	3,593.20		151,620.39	-	151,620.39
Supplies	-		-	-	11,779.47	17,950.97		229,558.80	-	229,558.80
Telephone	-		-	-	445.27	12,012.70		97,588.93	-	97,588.93
Training	-		-	-	185.90	6,539.39		124,421.98	-	124,421.98
Shortfall (To)From	-		(4,501.37)	-	52,468.22	(6,793.25)		-	-	-
Travel	-		-	-	4.54	9,100.56		161,586.62	-	161,586.62
Utilities	-		-	-	1,157.16	11,007.33		198,720.76	-	198,720.76
Vehicle Expense	-		-	-	14,721.44	3,704.88		305,814.65	-	305,814.65
Total Expenditures	-	-	6,498.63	-	391,882.47	844,796.47		16,926,753.97	(2,105,960.05)	14,820,793.92
Total Revenues Over	-	-	(6,498.63)	-	(10,209.54)	-		133,540.81	-	133,540.81
(Under) Expenditures	89,120.47		6,498.63	1,000.00	918,949.69	-		1,732,633.73	-	1,732,633.73
Net Assets Beginning of the Year										
Net Assets End of the Year	\$	89,120.47	\$	-	\$	908,740.15	\$	\$	-	\$
								1,866,174.54		1,866,174.54

Delta Area Economic Opportunity Corporation
Portageville, Missouri
COMMUNITY SERVICES BLOCK GRANT PROGRAM
GRANT NO. CSBG 03
For the Program Period October 1, 2007 to September 30, 2008
Schedule of Revenue and Expenses Compared with Budget

	10/01/2007 to 12/31/2007	01/01/2008 to 09/30/2008	Total Grant
Beginning CSBG Residual Receipts			\$ 324,188.34
Revenue			
Grant Revenue-CSBG	\$ 133,817.00	\$ 821,969.00	955,786.00
Total Revenue	133,817.00	821,969.00	955,786.00
Expenditures			
Personnel	92,473.72	380,924.72	473,398.44
Contract Services	2,573.09	13,080.16	15,653.25
Travel	3,140.70	20,888.24	24,028.94
Payment to/for Participants	754.00	5,711.31	6,465.31
Occupancy	13,579.95	59,500.43	73,080.38
Operating Expenses	13,524.44	88,355.92	101,880.36
Administrative Expenses	12,650.27	50,457.15	63,107.42
Subtotal of Operating Expense	138,696.17	618,917.93	757,614.10
Leveraging - Energy Assistance	23,206.50	73,321.71	96,528.21
Leveraging - CSBG Mo. House Trst	1,111.66	-	1,111.66
Leveraging - Head Start USDA	16,796.55	-	16,796.55
Leveraging - Head Start RIF	394.64	-	394.64
Leveraging - Head Start	48,005.91	-	48,005.91
Leveraging - Head Start Donations	14.00	-	14.00
Leveraging - Fathers for Life	(2,387.44)	(431.16)	(2,818.60)
Leveraging - Emergency Shelter Grant	8,513.14	8,482.05	16,995.19
Leveraging - MHTF	(7,754.01)	-	(7,754.01)
Leveraging - HUD SHP Perm Hsg	-	2,967.00	2,967.00
Leveraging - Housing Admin	-	42,341.19	42,341.19
Total Expenditures	226,597.12	745,598.72	972,195.84
Revenue over(under) Expense	\$ (92,780.12)	\$ 76,370.28	(16,409.84)
Ending CSBG Residuals			\$ 307,778.50

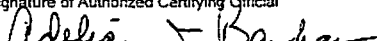
Strategy	Contract Amount	Units Provided	Revenue by Strategy
Community Coordination/Resource Development			
Circles of Support	\$ 48,000	2 units/\$12,000	\$ 24,000
Step up to Leadership	\$ 45,000	4 units/\$11,250	\$ 45,000
Through the Eyes of Poverty	45,000	4 units/\$11,250	45,000
Scott. Employment Training	40,000	4 units/\$10,000	40,000
Family Development	815,443		
A#2 Supp	253,043		
Intake Assesment Referral		10786 units/\$28	302,008
Resource Distribution		1757 units/\$25	43,925
Family Support		2853 units/\$28	79,884
Making the Grade		1994 units/\$50	99,700
Life Skills		2184 units/\$25	54,600
Back to School Fair		5875 units/\$25	146,875
Tax Preparation		1496 units/\$50	74,800
Less Hanging Units			(6)
			\$ 955,786

Delta Area Economic Opportunity Corporation
Portageville, Missouri
HEAD START PROGRAM
GRANT NO. 07CH0974/43
For the Program Year Ended December 31, 2008
Schedule of Revenue and Expenses Compared with Budget

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUE</u>			
Grant Revenue - Head Start	\$ 7,147,291	\$ 7,147,291	\$ -
Grantee's In-Kind Contributions	1,786,823	2,014,401	227,578
Gain on Sale of Assets	-	-	-
Short Fall Income	-	-	-
TOTAL REVENUE	8,934,114	9,161,692	227,578
<u>EXPENSES</u>			
Direct Costs			
Personnel	3,881,544	3,775,345	106,199
Fringe Benefits	1,393,943	1,323,323	70,620
Travel	15,445	7,680	7,765
Equipment	7,977	7,220	757
Supplies	106,098	132,466	(26,368)
Contractual	21,153	26,638	(5,485)
Facilities/Construction	-	-	-
Other	1,060,616	1,236,853	(176,237)
Indirect Costs	660,515	637,766	22,749
Total Federal Expenses	7,147,291	7,147,291	-
Grantee's In-Kind Expenses			
Personnel and Supplies	1,786,823	2,014,401	(227,578)
TOTAL EXPENSES	8,934,114	9,161,692	(227,578)
REVENUE OVER (UNDER) EXPENSES	\$ -	\$ -	\$ -

FINANCIAL STATUS REPORT
(Long Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted Administration For Children & Families		2. Federal Grant or Other Identifying Number Assigned By Federal Agency 07CH0974/43		OMB Approval No. 0348-0039	Page of 1 pages
3. Recipient Organization (Name and complete address, including ZIP code) DELTA AREA ECONOMIC OPPORTUNITY CORPORATION 99 Skyview Road Portageville, MO 63873					
4. Employer Identification Number 43-0834206		5. Recipient Account Number or Identifying Number		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
				7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) January 1, 2008		To: (Month, Day, Year) December 31 2008		9. Period Covered by this Report From: (Month, Day, Year) July 1, 2008 To: (Month, Day, Year) December 31 2008	
10. Transactions:		I Previously Reported		II This Period	
		III Cumulative			
a. Total outlays		9156146.95		5545.09	
b. Refunds, rebates, etc.					
c. Program income used in accordance with the deduction alternative					
d. Net outlays (Line a, less the sum of lines b and c)		9156146.95		5545.09	
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions		2014401.04		2014401.04	
f. Other Federal awards authorized to be used to match this award					
g. Program income used in accordance with the matching or cost sharing alternative					
h. All other recipient outlays not shown on lines e, f or g					
i. Total recipient share of net outlays (Sum of lines e, f, g and h)		2014401.04		2014401.04	
j. Federal share of net outlays (line d less line i)		7141745.91		5545.09	
k. Total unliquidated obligations					
l. Recipient's share of unliquidated obligations					
m. Federal share of unliquidated obligations					
n. Total Federal share (sum of lines j and m)				7147291.00	
o. Total Federal funds authorized for this funding period				7147291.00	
p. Unobligated balance of Federal funds (Line o minus line n)					
Program income, consisting of:					
q. Disbursed program income shown on lines c and/or g above					
r. Disbursed program income using the addition alternative					
s. Undisbursed program income					
t. Total program income realized (Sum of lines q, r and s)					
11. Indirect Expense		a. Type of Rate (Place "X" in appropriate box) <input checked="" type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed			
		b. Rate 12.6%			
		c. Base 5085802.00			
		d. Total Amount 637766.14			
		e. Federal Share			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. Development/Admin Expenditures - 1245349.19 T/TA Expenditures - 108277.77					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title Adelia J. Barham Executive Director				Telephone (Area code, number and extension) 573-379-3851 x219	
Signature of Authorized Certifying Official 				Date Report Submitted 3-31-2009	

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259-104

200-498 F.O. 139 (Face)

Standard Form 259 (Rev. 7-87)

Prescribed by OMB Circulars A-102 and A-110

Delta Area Economic Opportunity Corporation

Portageville, Missouri

HEAD START PROGRAM

GRANT NO. 07CH0974/43

For the Program Year Ended December 31, 2008

Reconciliation of Final Financial Report to Audited Financial Statements

	<u>UNOBLIGATED BALANCE OF FEDERAL FUNDS</u>
Unobligated Balance of Federal Funds on Financial Status Report	\$ -
Adjustments:	<u>-</u>
Balance of Grant Funds Not Received to Carryover to Program Year Ending December 31, 2008	<u><u>\$ -</u></u>

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-2600-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF July 01 2007 to June 30, 2008**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	210,661	Grant Income	210,661
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	210,661	Total Revenue	210,661
Expenditures		Expenditures	
Administration	18,113	Administration	18,113
Program Operations	178,899	Program Operations	178,899
Insurance	4,346	Insurance	4,346
Financial Audit	4,457	Financial Audit	4,457
Other	4,846	Other	4,846
Total Expenditures	210,661	Total Expenditures	210,661
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-2600-02**

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of July 01) \$ 0

GRANT REVENUE
(Funds received July 01 through June 30) \$ 210,661

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(July 01 through June 30) \$ 210,661

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation

Grant No. G-07-16-AMGAS-02

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF February 15, 2008 to October 31, 2008

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	15,221	Grant Income	15,221
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	15,221	Total Revenue	15,221
Expenditures		Expenditures	
Administration	761	Administration	761
Program Operations	14,460	Program Operations	14,460
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	15,221	Total Expenditures	15,221
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-AMGAS-02**

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of February 15) \$ 0

GRANT REVENUE
(Funds received February 15 through October 31) \$ 15,221

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(February 15 through October 31) \$ 15,221

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-AMUE2-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF February 15, 2008 to October 31, 2008**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	41,194	Grant Income	41,194
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	41,194	Total Revenue	41,194
Expenditures		Expenditures	
Administration	2,060	Administration	2,060
Program Operations	39,134	Program Operations	39,134
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	41,194	Total Expenditures	41,194
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-AMUE2-02**

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of February 15) \$ 0

GRANT REVENUE
(Funds received February 15 through October 31) \$ 41,194

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(February 15 through October 31) \$ 41,194

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-ATMOS-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF February 15, 2008 to October 31, 2008**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	43,861	Grant Income	43,861
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	43,861	Total Revenue	43,861
Expenditures		Expenditures	
Administration	2,193	Administration	2,193
Program Operations	41,668	Program Operations	41,668
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	43,861	Total Expenditures	43,861
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-ATMOS-02**

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of February 15) \$ 0

GRANT REVENUE
(Funds received February 15 through October 31) \$ 43,861

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(February 15 through October 31) \$ 43,861

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-UTIL-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF February 15, 2008 to June 30, 2008**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	30,759	Grant Income	30,759
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	30,759	Total Revenue	30,759
Expenditures		Expenditures	
Administration	1,538	Administration	1,538
Program Operations	29,221	Program Operations	29,221
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	30,759	Total Expenditures	30,759
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-07-16-UTIL-02**

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of February 15) \$ 0

GRANT REVENUE
(Funds received February 15 through June 30) \$ 30,759

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(February 15 through June 30) \$ 30,759

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

FEDERAL COMPLIANCE SECTION

Delta Area Economic Opportunity Corporation
Portageville, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Pass - Through Identifying Number	CFDA #	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter Program	12/31/2008	N/A	\$ 59,095.00
Total U.S. Department of Homeland Security			<u>59,095.00</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start	01/31/2009	N/A	7,147,291.00
Passed Through:			
State of Missouri Department of Social Services - Family Support Division			
Strengthening Families and Fatherhood	6/30/2008	CSBG-3	20,851.00
		TOTAL 93.600	<u>7,168,142.00</u>
Housing Assistance Council			
Compassion Capital Fund	12/31/2008	DAEOC	5,841.44
State of Missouri Department of Social Services - Family Support Division			
Low-Income Home Energy Assistance Program (ECIP)	9/30/2008	FFY08 LIHEAP	1,669,495.66
Low-Income Home Energy Assistance Program (ECIP)	9/30/2009	FFY09 LIHEAP	448,360.41
		TOTAL 93.568	<u>2,117,856.07</u>
State of Missouri Department of Social Services - Family Support Division			
Community Services Block Grant	9/30/2008	CSBG-03	821,969.00
Community Services Block Grant	9/30/2009	CSBG-03	167,096.00
		TOTAL 93.569	<u>989,065.00</u>
State of Missouri Department of Health and Senior Services			
Breast and Cervical Cancer Early Detection Program	6/30/2008	ERS161-80017	44,424.15
Breast and Cervical Cancer Early Detection Program	6/30/2009	ERS161-09054	13,445.07
		TOTAL 93.919	<u>57,869.22</u>
Missouri Family Health Council, Inc.			
Title X Family Planning	6/30/2008	2008 Title X	61,916.49
Title X Family Planning	6/30/2009	2009 Title X	169,336.53
		TOTAL 93.217	<u>231,253.02</u>
Total U.S. Department of Health and Human Services			<u>10,570,026.75</u>

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Pass - Through Identifying Number	CFDA #	Federal Expenditures
<u>U.S. Department of Energy</u>			
Pass-through Programs			
State of Missouri Department of Natural Resources			
Weatherization Assistance for Low-Income Individuals	6/30/2008	81.042	96,177.92
Weatherization Assistance for Low-Income Individuals	6/30/2009	81.042	62,290.89
Total U.S. Department of Energy			158,468.81
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Supportive Housing Program - Transitional Housing	10/31/2008	14.235	133,178.75
Supportive Housing Program - Transitional Housing	10/31/2009	14.235	24,628.91
Supportive Housing Program - Permanent Housing	10/31/2008	14.235	90,883.88
Supportive Housing Program - Permanent Housing	10/31/2009	14.235	17,364.11
		TOTAL 14.235	266,055.65
Passed Through:			
Missouri Housing Development Corporation			
HOME Repair Opportunity	12/31/2008	14.239	\$ 135,731.40
HOME Repair Opportunity	12/31/2009	14.239	(M) 266,224.41
		TOTAL 14.239	401,955.81
State of Missouri Department of Mental Health			
Shelter Plus Program	3/31/2008	14.238	32,595.40
Shelter Plus Program	3/31/2009	14.238	78,521.00
		TOTAL 14.238	111,116.40
State of Missouri Department of Social Services - Family Support Division			
Emergency Shelter Program	3/31/2008	14.231	6,452.83
Emergency Shelter Program	3/31/2009	14.231	35,330.86
		TOTAL 14.231	41,783.69
Total U.S. Department of Housing and Urban Development			820,911.55

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Pass - Through Identifying Number	CFDA #	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through:			
State of Missouri Department of Health and Senior Services			
Child and Adult Care Food Program - Home Sponsor Program	9/30/2008	ERS46-08-1736	10.558 (M) 988,173.81
Child and Adult Care Food Program - Home Sponsor Program	9/30/2009	ERS46-09-1736	10.558 (M) 303,711.30
Child and Adult Care Food Program - Center Reimbursement	9/30/2008	ERS46-08-0024	10.558 (M) 332,662.81
Child and Adult Care Food Program - Center Reimbursement	9/30/2009	ERS46-09-0024	10.558 (M) 151,486.19
		TOTAL 10.558	1,776,034.11
Total U.S. Department of Agriculture			1,776,034.11
Total Expenditures of Federal Awards			\$ 13,384,536.22

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Delta Area Economic Opportunity Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(M) = Major Program

JARRED, GILMORE & PHILLIPS, PA

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**

Board of Directors
Delta Area Economic Opportunity Corporation
Portageville, Missouri

We have audited the financial statements of Delta Area Economic Opportunity Corporation as of and for the year ended December 31, 2008, and have issued our report thereon dated September 28, 2009. 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 Delta Area Economic Opportunity Corporation'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 the Delta Area Economic Opportunity Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. See findings 2008-1 and 2008-2.

A material weakness is a significant deficiency, or 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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 and 2008-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta Area Economic Opportunity Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Delta Area Economic Opportunity Corporation in a separate letter dated September 28, 2009.

Delta Area Economic Opportunity Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Delta Area Economic Opportunity Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, 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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 28, 2009
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA

Certified Public Accountants

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

Board of Directors
Delta Area Economic Opportunity Corporation
Portageville, Missouri

Compliance

We have audited the compliance of Delta Area Economic Opportunity Corporation 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, 2008. Delta Area Economic Opportunity Corporation'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 Delta Area Economic Opportunity Corporation's management. Our responsibility is to express an opinion on Delta Area Economic Opportunity Corporation'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 Delta Area Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Delta Area Economic Opportunity Corporation's compliance with those requirements.

As described in item 2008-3 in the accompanying schedule of findings and questioned costs, Delta Area Economic Opportunity Corporation did not comply with requirements regarding allowable costs that are applicable to its Low Income Energy Assistance Program. Compliance with such requirements is necessary, in our opinion, for Delta Area Economic Opportunity Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Delta Area Economic Opportunity Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of Delta Area Economic Opportunity Corporation 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 Delta Area Economic Opportunity Corporation's internal control over compliance with the 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 Delta Area Economic Opportunity Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-03 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2008-3 to be a material weakness.

Delta Area Economic Opportunity Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Delta Area Economic Opportunity Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, 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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 28, 2009
Chanute, Kansas

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditors' report expresses a qualified opinion on the consolidated financial statements of Delta Area Economic Opportunity Corporation.

Internal Control over Financial Reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified that are not considered to be a material weaknesses?	<u> </u>	Yes	<u> X </u>	No
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	<u> </u>	Yes	<u> X </u>	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified that are not considered to be a material weaknesses?	<u> </u>	Yes	<u> X </u>	No

The auditors' report on compliance for the major federal award programs for Delta Area Economic Opportunity Corporation expresses a qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> X </u>	Yes	<u> </u>	No
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Identification of major programs:

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start - CFDA No. 93.600

Low-Income Home Energy Assistance Program - CFDA No. 93.568

Community Services Block Grant - CFDA No. 93.569

U.S. HOUSING AND URBAN DEVELOPMENT

HOME Repair Opportunity - CFDA No. 14.239

U.S. DEPARTMENT OF AGRICULTURE

Child and Adult Care Food Program - CFDA No. 10.558

The threshold for distinguishing Types A and B programs was \$401,536.09.

Auditee qualified as a low risk auditee?	<u> </u>	Yes	<u> X </u>	No
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DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2008-01 – Bank Reconciliations

Criteria:

Internal controls should be in place that provide reasonable assurance that financial systems provide records for proper accountability for all funds and other assets of the Organization.

Condition:

Bank statements were not reconciled timely to the general ledger. Not reconciling the bank accounts on a monthly basis could result in errors or other problems occurring that might not be recognized and resolved on a timely basis. Management and the Board of Directors may be relying on inaccurate financial reports in making decisions that affect the Organization.

Context:

During fieldwork for the audit for the year ended December 31, 2008, it was noted that late during the year the Organization had obtained outside consultants to prepare the bank reconciliations. Then during our testing of bank reconciliations we noted the bank reconciliations still did not balance and not all identified reconciling items were recorded by the Organization.

Effect:

The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if actual cash bank balances are not reconciled to the cash balances in the general ledger at the end of each month on a timely basis.

Cause:

The Organization did not have adequate staff properly trained to complete the necessary timely reconciliations.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate internal controls over both cash receipts and cash disbursements. The Organization's general ledger should be adjusted to match with the audit at December 31, 2008, and proceed forward in implementing this recommendation on a monthly basis.

Views of responsible officials and planned corrective action:

See the Corrective Action Plan on page 49-50 of the current year audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2008

II. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Finding 2008-02 – Improper Classification of Transactions

Criteria:

Internal controls should be in place that provide reasonable assurance that financial systems generate records for proper accountability for all funds and other assets of the Organization.

Condition:

Transactions were improperly classified and/or not recorded at all. Revenues and expenses were not charged to the correct programs, resulting in a material amount of recommended audit adjustments.

Context:

The Organization would have been required to pay for expenses out of local funds that had not been properly charged to reimbursable grant programs.

Effect:

The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if expenses are not properly recorded in the general ledger when the expense is incurred.

Cause:

The Organization did not have adequate staff properly trained in the area of financial statement preparation and review.

Recommendation:

Additional training for staff is needed in the area of financial statement preparation and use of the general ledger software.

Views of responsible officials and planned corrective action:

See the Corrective Action Plan on page 49-50 of the current year audit.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

	<u>Questioned Costs</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
Head Start - CFDA No. 93.600	None
Low-Income Home Energy Assistance Program – CFDA No. 93.568	None
Community Services Block Grant – CFDA No. 93.569	None
U.S. HOUSING AND URBAN DEVELOPMENT	
HOME Repair Opportunity – CFDA No. 14.239	None
U.S. DEPARTMENT OF AGRICULTURE	
Child and Adult Care Food Program – CFDA No. 10.558	None

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

(Continued)

Finding 2008-03 – Obligation of LIHEAP funds

Federal Programs:

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Low-Income Home Energy Assistance Program – CFDA No. 93.568

Compliance requirement:

Allowable Costs

Condition:

During our fieldwork it was noted during the year ended December 31, 2008, there was a breakdown of internal controls and the Organization over obligated LIHEAP funds.

Context:

The Organization could have been required to pay for expenses out of local funds that were improperly obligated.

Effect:

The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if expenses are not properly obligated within State awarded amounts.

Cause:

Although the Organization had adequate staff properly trained in the area of obligation reporting and review processes and procedures were not followed.

Recommendation:

Although the Organization had adequate staff properly trained in the area of obligation reporting and review processes and procedures were not followed. We recommend in addition to the procedures in place, an enhanced internal control cross checking process in the area of obligation and review.

Views of responsible officials and planned corrective action:

See the Corrective Action Plan on page 49-50 of the current year audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

Period Year Ended/Findings:

Finding 2007-01 – Bank Reconciliations

Condition:

Bank statements were not reconciled timely to the general ledger. Not reconciling the bank accounts on a monthly basis could result in errors or other problems occurring that might not be recognized and resolved on a timely basis. Management and the Board of Directors may be relying on inaccurate financial reports in making decisions that affect the Organization.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate internal controls over both cash receipts and cash disbursements. The Organization's general ledger should be adjusted to match with the audit at December 31, 2007, and proceed forward in implementing this recommendation on a monthly basis.

Status:

The Organization has implemented policies and procedures to ensure that monthly reconciliations are being prepared, however, upon arrival of fieldwork it was found bank statements were not reconciled to the general ledger as a large deposit that cleared the bank had not been recorded. As a result, this is a repeat finding in the 2008 audit.

Finding 2007-02 – Improper Classification of Transactions

Condition:

Transactions were improperly classified and/or not recorded at all. Revenues and expenses were not charged to the correct programs, resulting in a material amount of recommended audit adjustments.

Recommendation:

Additional training for staff is needed in the area of financial statement preparation and use of the general ledger software.

Status:

The Organization has implemented policies and procedures to ensure monthly reconciliation of all balance sheet accounts, however, a material amount of recommended audit adjustments were discovered. As a result, this is a repeat finding in the 2008 audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

Period Year Ended/Findings:

Finding 2007-03 – Reports filed with grantors

Condition:

Transactions were improperly classified. During our fieldwork there were numerous material audit adjustments recommend, as discussed in audit financial statement finding 2007-02. Grant reports were, therefore, not filed with the correct expenses.

Recommendation:

Additional training for staff is needed in the area of financial statement preparation, use of the general ledger software, and reconciliation to grant reports filed. All reports should be reviewed and amended, if necessary.

Status:

The Organization has implemented policies and procedures to ensure that monthly reports filed with grantors are accurate and reviewed by a responsible individual before issuance. None of the audit adjustments affected filed grant reports, therefore, this finding is considered as being resolved.

September 28, 2009

Cognizant or Oversight Agency for Audit

Delta Area Economic Opportunity Corporation respectfully submits the following corrective action plan for the year ended December 31, 2008.

Name and address of independent public accounting firm: Jarred, Gilmore & Phillips, PA, P.O. Box 779, 1815 S Santa Fe, Chanute, Kansas 66720.

Audit period: Year ended December 31, 2008.

The findings from the September 28, 2009 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Finding 2008-01 – Bank Reconciliations

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate internal controls over both cash receipts and cash disbursements. The Organization's general ledger should be adjusted to match with the audit at December 31, 2008, and proceed forward in implementing this recommendation on a monthly basis.

Action Taken:

We concur with the recommendation and since year end hired a new chief financial officer that has a non-profit accounting background and have obtained training for the CFO in the area of fiscal oversight. We have also hired an outside consultant to review our general ledger on a quarterly basis as an additional internal control over financial reporting.

Finding 2008-02 – Improper Classification of Transactions

Recommendation:

Additional training for staff is needed in the area of financial statement preparation and use of the general ledger software.

Action Taken:

We concur with the recommendation and since year end hired a new chief financial officer that has a non-profit accounting background and have obtained training for the CFO in the area of fiscal oversight. We have also hired an outside consultant to review our general ledger on a quarterly basis as an additional internal control over financial reporting.

Finding 2008-03 – Obligation of LIHEAP funds

Recommendation:

Although the Organization had adequate staff properly trained in the area of obligation reporting and review processes and procedures were not followed. We recommend in addition to the procedures in place, an enhanced internal control cross checking process in the area of obligation and review.

Action Taken:

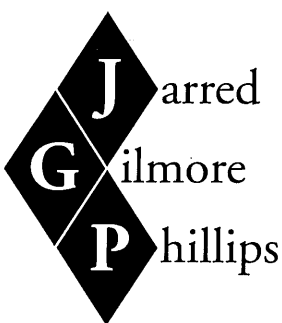
We concur with the recommendation and during the year ended December 31, 2008, program staff responsible for circumventing the procedures that had been successfully used in the past were terminated and a new program director was hired and trained in the area of reporting and obligations. Policies and procedures have been written and used successfully in the subsequent LIHEAP contract which provide greater internal controls in the area of obligations. These controls include the use of a new statewide MIS system that was available for the first time, but not able to be utilized, when the over-obligation occurred. Prior to the next LIHEAP contract, a software conflict between the MIS host and DAEOC was identified and corrected allowing management a central data base to verify reported obligations.

If the Oversight Agency for Audit has questions regarding this plan, please call Adelia J. Barham, Executive Director, at (573) 379-3851 EXT. 219.

Sincerely,

Delta Area Economic Opportunity Corporation

Delta Area Economic Opportunity Corporation



September 28, 2009

MANAGEMENT LETTER

Board of Directors
Delta Area Economic Opportunity Corporation
Portageville, Missouri

In planning and performing our audit of the financial statements of the Delta Area Economic Opportunity Corporation, as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Delta Area Economic Opportunity Corporation's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and to be material weaknesses.

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 a 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. We consider the items discussed below to be significant deficiencies in 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 entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Bank Reconciliations

During our fieldwork, it was noted that towards the end of the year the Organization had obtained outside consultants to catch up the bank reconciliations. Then, during our testing of the bank reconciliations, it was noted the bank reconciliations still did not balance to the general ledger and not all identified reconciling items were recorded by the Organization. Based upon inquiry, it appears bank statements were accumulated and not reconciled to the appropriate general ledger accounts in a timely manner. Not reconciling the bank accounts on a monthly basis means errors or other problems might not be recognized and resolved on a timely basis. This deficiency in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if actual cash bank balances are not reconciled to the cash balances in the general ledger at the end of each month and therefore, is considered to be a material weakness. We would like to point out the timely

CERTIFIED PUBLIC ACCOUNTANTS

412 W MAIN, PO BOX 97
NEODESHA, KANSAS 66757
(620) 325-3430

1815 S SANTA FE, PO BOX 779
CHANUTE, KANSAS 66720
(620) 431-6342

16 W JACKSON, PO BOX 768
IOLA, KANSAS 66749
(620) 365-3125

www.jgppa.com

preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and cash disbursements. We recommend the Organization's general ledger be adjusted to match with the audit at December 31, 2008, and proceed forward in implementing this recommendation on a monthly basis.

General Ledger Adjustments

Upon arrival for fieldwork, our preliminary analytical review revealed that many programs were not closed out at year end and a material amount entries were need to arrive at audited balances. Management made the necessary adjustments and filed corrected reports with grantors. However, professional standards require us to report to you material adjustments made. Management is responsible for establishing and maintaining internal controls over the fair presentation of the financial statements. The Organization currently does not have a system of internal controls that would enable management to conclude the financial statements are complete and accurate. Management should consider additional training for current staff in the area of financial statement analysis and preparation.

Obligation of LIHEAP Funds

During our fieldwork it was noted during the year ended December 31, 2008, there was a breakdown of internal controls and the Organization over obligated LIHEAP funds. The Organization could have been required to pay for expenses out of local funds that were improperly obligated. The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if expenses are not properly obligated within State awarded amounts. Although the Organization had adequate staff properly trained in the area of obligation reporting and review processes and procedures were not followed. We recommend in addition to the procedures in place, an enhanced internal control cross checking process in the area of obligation and review.

Other Matters

As a result of planning and performing the audit, we noted certain other matters that came to our attention that are not reflected in the auditors' report or the financial statements which we feel worthy of consideration by management. These matters are presented below:

LIHEAP – Crisis Assistance

During our testing of LIHEAP crisis assistance payments, we noted 2 of 40 participant files tested that did not include documentation of the fuel costs. While 2 of 40 does not rise to the level of a finding in the Federal compliance section, we recommend management and staff responsible for maintaining records for the participants be reminded of the importance of proper and accurate filing. An assistance payment should not be made on behalf of a participant unless all the proper paperwork is on file.

Balance Sheet Reconciliations

During our fieldwork, it was noted that towards the end of the year the Organization had obtained outside consultants to catch up the bank reconciliations including other balance sheets accounts. Then, during our testing of the other balance sheet items it was noted not all accounts were reconciled. Not reconciling all items on the balance sheet on a monthly basis means errors or other problems might not be recognized and resolved on a timely basis. This deficiency in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if actual balance sheet balances are not reconciled at the end of each month. We recommend the Organization implement internal controls that allow for the reconciliation and review of every balance sheet item on a monthly basis. This review process can be done by an outside consultant or internal staff, but should be done monthly.

Journal Entry Procedures

We recommend that a policy be established for approval of journal entries. Because the journal entry represents a means to override other controls, we feel it is especially important to have close monitoring. We suggest that a specific form be used for journal entries and that form have a designated area for approval by someone other than the preparer. This will involve at least two people in the process of posting journal entries and improve internal controls in this area.

Cash Disbursements

During our testing of cash disbursements it was noted that some checks were not properly supported. While this did not rise to the level of a finding, we would like to stress the importance of supporting documentation. Invoices or a written claim against the Organization must be kept on file. We recommend that checks not be issued until supporting documentation is received and all paid invoices be filed in a manner that makes them easily accessible to your staff.

USDA – Head Start

As part of the testing for CACFP meals served in the Head Start centers, we traced meals turned in for reimbursement, to support to verify meals claimed for reimbursement were actually served. While the number of meals was subsequently verified and was always over the number claimed, there was not a process in place to verify input of data to verify accurate input in a timely manner. The underreporting of meals has resulted in a loss of revenue to the Organization. We recommend the Organization implement a review process that includes the use of the Organization's COPA software to support weekly point of service numbers.

Grant Reporting

During our testing of reports and through inquiry it was noted the fiscal office does not prepare or review reports filed with grantors. A strong internal control over reporting is the review process to ensure accurate reports are filed on a timely basis. We recommend the review responsibilities be moved to the fiscal office and included in the duties of the new finance director.

The preceding comments and recommendations have been considered in our audit of the financial statements for the year ended December 31, 2008. We appreciate the opportunity to be of service to the Organization. The Organization staff were very helpful during the audit. If you have any questions concerning the audit, management letter, or any other matters, please feel free to contact our office.

This communication is intended solely for the information and use of management, the Board of Directors, others within the Organization, 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.

Respectfully submitted,



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants