

**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, 2009

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, 2009, 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 of Scott City Apartments, LLC, Allgeier Manor, LLC, Moritz Place, LLC, and Lucille Manor, LLC have not been audited, and we were not engaged to audit the wholly owned subsidiaries. These wholly owned subsidiaries are included in the basic financial statements and represent 35.97%, 3.97%, and 2.00% of the assets, net assets, and revenues, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the wholly owned subsidiaries been audited, 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, 2009, 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 29, 2010 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. 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 is important 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 Combining Schedule of Revenues and Expenses presented on pages 19 to 23 are 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules presented on pages 24 to 37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 29, 2010
Chanute, Kansas

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Consolidated Statement of Financial Position

December 31, 2009

ASSETS

Current Assets

Cash in Bank - Cash and Cash Equivalents	\$ 2,169,152.14
Grant and Contracts Receivable, Net	818,571.72
Prepaid Expenses	70,286.06
Inventory	184,239.76
Total Current Assets	<u>3,242,249.68</u>

Noncurrent Assets

Capital Assets, net	6,723,769.36
Restricted Cash from USDA Debt Service Reserve	60,030.76
Total Noncurrent Assets	<u>6,783,800.12</u>

TOTAL ASSETS	<u><u>\$ 10,026,049.80</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 565,876.67
Accrued Annual Leave	34,319.24
Accrued Payroll Withholdings	332,962.92
Properties Taxes Payable	27,036.69
Refundable Grant Advances	1,106,587.65
Accrued Interest	67,060.44
Current Portion of Long-Term Debt	3,374,496.05
Total Current Liabilities	<u>5,508,339.66</u>

Long-Term Liabilities

Notes Payable	5,924,171.61
Capital Leases	60,095.02
Less: Current Portion	(3,374,496.05)
Total Long-Term Liabilities	<u>2,609,770.58</u>

TOTAL LIABILITIES	<u>8,118,110.24</u>
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Net Assets

Unrestricted Net Assets	1,878,846.09
Temporarily Restricted Net Assets	29,093.47

TOTAL NET ASSETS	<u>1,907,939.56</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,026,049.80</u></u>
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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, 2009

CHANGES IN NET ASSETS

Unrestricted Net Assets	
Revenues and Gains	
Grant Revenue - Federal	\$ 15,712,014.43
Grant Revenue - State	175,361.59
Grant Revenue - Other	217,357.86
Fee Income	120,392.53
Housing Rent	333,346.90
Contributions	22,586.78
Reimbursements/Other	74,355.44
Other Income	(7,439.89)
Interest Income	23,146.81
In-Kind Donations	930,491.63
Total Revenues and Gains	<u>17,601,614.08</u>
Other	
Net Assets Released From Restrictions through Satisfaction of Program Restrictions	15,379.94
Total Unrestricted Revenues, Gains and Other	<u>17,616,994.02</u>
Expenses	
Program Services	
Early Childhood	9,430,470.08
Community Services	1,055,461.13
Weatherization Services	907,079.44
Energy Assistance	2,408,470.82
Family Planning	358,722.67
Housing Services	2,240,943.82
Supporting Activities	
Management and General	1,095,043.82
Fundraising	85,038.14
Total Expenses	<u>17,581,229.92</u>
Increase in Unrestricted Net Assets	<u>35,764.10</u>
Temporarily Restricted Net Assets	
Grant Revenue - Other	2,813.21
Donations	10,877.35
Net Assets Released From Restrictions Through Satisfaction of Program Restrictions	(15,379.94)
Increase in Temporarily Restricted Net Assets	<u>(1,689.38)</u>
Increase in Net Assets	<u>34,074.72</u>
Net Assets - Beginning of the Year, as previously reported	1,866,174.54
Prior Period Adjustment - See Footnote 19	7,690.30
Net Assets - Beginning of the Year, as restated	<u>1,873,864.84</u>
Net Assets - End of the Year	<u>\$ 1,907,939.56</u>

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, 2009

	Program Services							Supporting Activities			Total Organization Services
	Early Childhood	Community Services	Weatherization Services	Energy Assistance	Family Planning	Housing Services	Total Program Services	Management and General	Fundraising		
Salaries & Wages	\$ 4,081,180.17	\$ 501,883.37	\$ 290,910.87	\$ 194,381.26	\$ 146,202.20	\$ 169,519.25	\$ 5,384,077.12	\$ 522,748.15	\$ 43,155.21	\$ 5,949,980.48	
Fringe Benefits	1,554,247.54	167,840.12	134,259.47	76,858.22	52,610.81	75,228.44	2,061,044.60	166,761.77	13,766.94	2,241,573.31	
Administrative Allotment	-	(10,506.79)	-	-	-	23,586.27	13,079.48	-	-	13,079.48	
Advertising	4,880.35	2,393.29	5,254.60	248.28	114.90	617.60	13,509.02	1,909.33	157.62	15,575.97	
Bad Debts	-	-	-	-	-	-	-	87,871.77	-	87,871.77	
Board Expense	-	-	-	-	-	-	-	11,645.55	961.39	12,606.94	
Building Expense	-	-	-	-	-	300,672.67	300,672.67	(290,924.82)	-	9,747.85	
Client Assistance/Program Costs	1,607,883.53	197,848.38	660.00	2,052,566.17	36,465.61	1,207,446.12	5,102,869.81	14,882.61	1,228.63	5,118,981.05	
Computer Software	18,855.14	1,951.42	288.20	504.47	360.34	432.39	22,391.96	2,487.51	205.36	25,084.83	
Contractual	59,049.04	20,981.67	80,286.72	36,277.36	55,839.88	67,188.33	319,623.00	62,512.61	5,160.70	387,296.31	
Depreciation Expense	-	-	-	-	-	62,395.14	62,395.14	178,659.31	-	241,054.45	
Dues & Subscriptions	2,604.67	600.00	4,496.51	-	249.00	-	7,950.18	17,521.81	1,446.50	26,918.49	
Equipment & Improvements	149,488.61	17,863.36	55,196.99	14,833.08	857.67	9,874.04	248,113.75	14,928.14	1,232.39	264,274.28	
In-Kind Expense	930,491.63	-	-	-	-	-	930,491.63	(2.04)	2.04	930,491.63	
Insurance	48,902.00	795.34	3,522.24	229.22	1,207.52	30,880.61	85,536.93	46,690.45	-	132,227.38	
Interest Expense	-	-	-	-	-	116,065.54	116,065.54	122,787.53	3,560.57	242,413.64	
Materials	-	-	240,370.31	-	-	66.59	240,436.90	89.98	-	240,526.88	
Postage	10,546.09	1,525.33	1,134.63	6,852.19	581.16	1,421.51	22,060.91	15,249.65	-	37,310.56	
Printing & Publications	1,637.00	1,943.11	-	-	340.36	-	3,920.47	3,834.26	1,162.92	8,917.65	
Professional Fees	27,346.75	249.24	598.41	3,277.63	534.71	37,425.61	69,432.35	19,691.04	381.08	89,504.47	
Rent-Building	91,407.55	35,685.88	1,223.94	563.28	20,750.00	582.67	150,213.32	478.53	1,530.68	152,222.53	
Repairs & Maintenance	160,334.31	11,411.12	4,494.04	2,443.89	3,233.65	54,197.79	236,114.80	16,934.21	153.22	253,202.23	
Supplies	113,581.46	35,257.86	8,077.18	6,394.25	20,443.30	23,074.60	206,828.65	31,578.14	1,303.07	239,709.86	
Telephone	37,159.84	12,294.61	2,526.28	7,201.29	5,116.51	8,266.29	72,564.82	10,288.82	2,507.49	85,361.13	
Training	42,209.77	4,085.28	22,000.11	168.42	550.00	3,721.53	72,735.11	8,541.55	975.83	82,252.49	
College Classes	44,704.18	-	-	-	-	-	44,704.18	(725.79)	725.79	44,704.18	
Travel	100,621.11	27,621.91	14,445.74	1,941.47	7,451.43	21,737.91	173,819.57	13,658.46	3,517.88	190,995.91	
Utilities	124,993.93	17,649.39	2,874.71	2,307.41	4,339.48	23,476.00	175,640.92	6,466.03	1,309.85	183,416.80	
Vehicle Expense	218,345.41	6,087.24	34,458.49	1,422.93	1,474.14	3,066.92	264,855.13	8,479.26	592.98	273,927.37	
Total Expenses	9,430,470.08	\$ 1,055,461.13	\$ 907,079.44	\$ 2,408,470.82	\$ 358,722.67	\$ 2,240,943.82	\$ 16,401,147.96	\$ 1,095,043.82	\$ 85,038.14	\$ 17,581,229.92	

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, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 34,074.72
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation Expense	241,054.45
(Increase) Decrease in Grant and Contracts Receivable	183,819.33
(Increase) Decrease in Prepaid Expense	(5,643.73)
(Increase) Decrease in Inventory	(180,620.93)
Increase (Decrease) in Accounts Payable	289,105.68
Increase (Decrease) in Accrued Annual Leave	(6,776.38)
Increase (Decrease) in Accrued Payroll Withholdings	280,192.66
Increase (Decrease) in Accrued Property Taxes	27,036.69
Increase (Decrease) in Refundable Grant Advances	638,969.05
Increase (Decrease) in Accrued Interest	30,451.26
Net Cash Provided by (Used in) Operating Activities	<u>1,531,662.80</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Purchase of Capital Assets	(3,695,369.70)
Payments to USDA Debt Service Reserve	<u>(14,050.50)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(3,709,420.20)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the Issuance of Capital Leases	3,587,688.60
Principal Payments on Long-Term Debt	(109,481.22)
Principal Payments on Capital Leases	<u>(26,966.21)</u>
Net Cash Provided by (Used in) Financing Activities	<u>3,451,241.17</u>

Net Increase (Decrease) in Cash and Cash Equivalents	1,273,483.77
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Cash and Cash Equivalents, Beginning of the Year	<u>895,668.37</u>
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Cash and Cash Equivalents, End of the Year	<u><u>\$ 2,169,152.14</u></u>
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Supplemental Information:

Cash Paid for Interest	<u><u>\$ 195,724.66</u></u>
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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, 2009

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 include the accounts of Scott City Apartments II, a 12 unit apartment complex located in Scott City, Missouri, Allgeier Manor, a 48 Unit apartment complex located in Aurora, Missouri, Lucille Manor, a 48 unit apartment complex located in Moberly, Missouri, and Moritz Place, a 56 unit apartment complex located in Carthage, Missouri, which are all 100% owned affiliated organizations.

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, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's program policy is to prepare financial statements on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Assets are recorded at cost when purchased, or in the case of gifts, at fair value at the date of the gift.

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.

Inventory

Inventory consists of weatherization materials and work in progress and are valued at cost, using the first-in, first-out method (FIFO).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Allowance for Doubtful Accounts

Grant and contract receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of others to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Capital Assets

It is the Organization's policy to capitalize costs with a useful life of more than one year and a value over \$5,000.00. 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. However, the funding source has a reversionary interest in the property. The Organization has \$2,075,068.53, net book value, of property in which the funding sources have a reversionary interest. Capital assets purchased or donated are accounted for in the corporate account and 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

Net Assets

The Organization's net assets are classified as follows:

Unrestricted net assets: Unrestricted net assets represent those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions are included as well as resources derived from gifts and contributions. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

Temporarily restricted net assets: Temporarily restricted net assets consist of those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates or to specified purposes.

Permanently restricted net assets: Permanently restricted net assets consist of funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No 116, *Accounting for Contributions Received and Contributions Made*, effective July 1, 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions. If a restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

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. The Organization had no promises to give at December 31, 2009.

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.

Allocated Costs

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

3. CONCENTRATION OF CREDIT RISK

At year-end, the Organization's carrying amount of deposits including the USDA restricted cash was \$2,229,032.90. The bank balance was held by three banks resulting in a concentration of credit risk. The bank balance was \$2,615,775.08. Of the bank balance, \$444,048.44 was covered by FDIC insurance and the remaining \$2,171,726.64 was collateralized by pledged securities held under joint custody receipts by a third-party bank in the Organization's name.

4. GRANT AND CONTRACTS RECEIVABLE, NET

Grant and contracts receivable at December 31, 2009, consist of amounts due under the following programs, net of allowances for uncollectible amounts:

Community Services Block Grant - ARRA	\$ 56,648.00
Housing Unrestricted – MACO Distributions	6,534.04
MHDC Home Repair Grant	129,684.18
Atmos Gas Utility Funds Grant	2,090.00
DOE/Weatherization Grant	46,030.00
DOE/Weatherization Grant – ARRA	38,830.73
Ameren UE Gas II Grant	383.00
Family Planning – Show Me Healthy Women	2,431.57
Family Planning – Program Income	255.00
Emergency Shelter Grant	4,947.84
HUD-SHP Transitional Housing Grant	27,093.52
HUD-SHP Permanent Housing Grant	23,206.68
USDA/CCFP Grant	94,848.81
Head Start Grant	324,038.21
Head Start Grant – ARRA	51,630.56
Head Start-USDA	<u>9,919.58</u>
	<u>\$ 818,571.72</u>

All grant and contracts receivable at December 31, 2009, are considered collectible. Accordingly, the allowance for uncollectibility is zero.

5. INVENTORY

Inventory consists of the following at December 31, 2009:

Weatherization Materials	\$ 69,686.59
Work in Progress	<u>114,553.17</u>
Total Inventories	<u>\$ 184,239.76</u>

Work in progress consists of expenses applied to houses in the weatherization program that have not yet been billed due to not being complete.

6. CAPITAL ASSETS

Following are the changes in capital assets for the year ended December 31, 2009:

	Balance 12/31/2008	Additions	Retirements	Balance 12/31/2009
Capital assets				
Land	\$ 215,355.75	\$ 212,000.00	\$ -	\$ 427,355.75
Buildings and Improvements	3,026,740.59	3,037,444.07	-	6,064,184.66
Equipment	204,434.61	379,453.63	-	583,888.24
Vehicles	1,576,124.00	66,472.00	-	1,642,596.00
Vehicles under Capital Lease	144,638.00	-	-	144,638.00
Total Capital Assets	5,167,292.95	3,695,369.70	-	8,862,662.65
Accumulated Depreciation				
Buildings and Improvements	(275,860.86)	(100,837.02)	-	(376,697.88)
Equipment	(163,945.03)	(39,281.16)	-	(203,226.19)
Vehicles	(1,423,216.18)	(72,008.67)	-	(1,495,224.85)
Vehicles under Capital Lease	(34,816.77)	(28,927.60)	-	(63,744.37)
Total Accumulated Depreciation	(1,897,838.84)	(241,054.45)	-	(2,138,893.29)
Total Net Capital Assets	\$ 3,269,454.11	\$ 3,454,315.25	\$ -	\$ 6,723,769.36

7. REFUNDABLE GRANT ADVANCES

Refundable grant advances at December 31, 2009, consist of grant funds received in excess of expenditures in the following programs:

Rental Assistance Program	\$ 5,510.93
FEMA – ARRA Grant	1,556.52
Ameren UE II Grant	0.60
LIHEAP/ECIP Grant	1,077,643.60
USDA/CACFP Grant	10,400.00
Shelter Plus Care Grant	11,476.00
	<u>\$ 1,106,587.65</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, 2009 is:

\$ 32,264.48

8. NOTES PAYABLE (Continued)

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, 2009, is:

\$ 273,374.40

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, 2009, is:

310,364.07

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, 2009, is:

736,821.15

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, 2009, is:

202,384.96

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, 2009, is:

795,608.31

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, 2009 is:

43,350.78

8. NOTES PAYABLE (Continued)

The Organization signed an agreement dated September 24, 1984, with USDA Rural Development to assist in the purchase of a multi-family housing unit, which requires 600 monthly consecutive principal and interest payments at \$2,503.00 each, including interest at 11.875% through August 1, 2034. The note is secured by real property located in Webster Groves Missouri. The balance on this note at December 31, 2009 is:

\$ 239,594.79

The Organization signed an agreement dated July 29, 2009, with Sterling Bank to assist in the purchase of a multi-family housing unit, Lucille Manor, which requires one payment of principal and interest in the amount of \$1,085,958.11, due on July 29, 2010, including interest at 6.00%. The note is secured by real property located in Moberly, Missouri. The balance on this note at December 31, 2009 is:

1,043,354.50

The Organization signed an agreement dated July 29, 2009, with Sterling Bank to assist in the purchase of a multi-family housing unit, Moritz Place, which requires one payment of principal and interest in the amount of \$1,252,357.50, due on July 29, 2010, including interest at 6.00%. The note is secured by real property located in Carthage, Missouri. The balance on this note at December 31, 2009 is:

1,203,297.67

The Organization signed an agreement dated July 29, 2009, with Sterling Bank to assist in the purchase of a multi-family housing unit, Allgeier Manor, which requires one payment of principal and interest in the amount of \$1,091,595.17, due on July 29, 2010, including interest at 6.00%. The note is secured by real property located in Aurora, Missouri. The balance on this note at December 31, 2009 is:

1,043,756.50

Total Notes Payable

\$ 5,924,171.61

The following is a summary of changes in notes payable for the year ended December 31, 2009:

	Principal December 31, 2008	Principal Received (Paid)	Principal December 31, 2009	Interest Paid
Obligations:				
Malden Building	\$ 38,990.60	\$ (6,726.12)	\$ 32,264.48	\$ 1,453.68
Sikeston Building	282,885.41	(9,511.01)	273,374.40	13,252.99
Sikeston Renovations	320,888.74	(10,524.67)	310,364.07	13,577.33
Kennett Renovations	763,679.33	(26,858.18)	736,821.15	28,543.82
Dexter Building	208,385.10	(6,000.14)	202,384.96	8,595.86
Caruthersville Building	536,600.00	292,061.10		
		(33,052.79)	795,608.31	21,373.21
Scott City Building	241,063.52	(1,468.73)	239,594.79	28,269.07
Lucille Manor	0.00	1,043,354.50	1,043,354.50	20,867.08
Moritz Place	0.00	1,208,516.50		
		(5,218.83)	1,203,297.67	30,212.90
Allgeier Manor	0.00	1,043,756.50	1,043,756.50	20,875.32
Vehicles	<u>53,471.53</u>	<u>(10,120.75)</u>	<u>43,350.78</u>	<u>2,228.69</u>
	<u>\$2,445,964.23</u>	<u>\$ 3,478,207.38</u>	<u>\$5,924,171.61</u>	<u>\$ 189,249.95</u>

8. NOTES PAYABLE (Continued)

The schedule of maturities of notes payable is as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2010	\$ 3,374,496.05
2011	94,197.95
2012	98,507.51
2013	100,971.60
2014	89,893.71
2015-2019	498,203.82
2020-2024	627,066.84
2025-2029	685,314.78
2030-2034	<u>355,519.36</u>
Total	<u>\$ 5,924,171.61</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>
2010	\$ 16,108.00
2011	<u>16,108.00</u>
	32,216.00
Less imputed interest	<u>(3,092.78)</u>
Net Present Value of Minimum Lease Payments	29,123.22
Less: Current Maturities	<u>(14,069.52)</u>
Long-Term Capital Lease Obligations	<u>\$ 15,053.70</u>

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>
2010	\$ 17,332.32
2011	<u>17,332.32</u>
	34,664.64
Less imputed interest	<u>(3,692.84)</u>
Net Present Value of Minimum Lease Payments	30,971.80
Less: Current Maturities	<u>(14,901.03)</u>
Long-Term Capital Lease Obligations	<u>\$ 16,070.77</u>

10. OPERATING LEASES

As of December 31, 2009, 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, 2009, was \$316,800.31. Under the current lease agreements, the future minimum lease rentals are as follows:

2010	\$ 36,000.00
2011	24,275.00
2012	14,400.00
2013	14,800.00
2014	15,600.00
2015-2019	30,000.00
2020-2024	6,000.00
2025-2029	6,000.00
2030	1,680.00

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 hours 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.

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. The Organization has not accrued a liability for sick leave earned, but not taken, by Organization employees, in accordance with guidance provided by FAS 43, as the amounts cannot be reasonably estimated at this time.

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, 2009 was \$146,901.35.

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of donations and other revenues restricted by purpose and are tracked through the use of program codes. Amounts presented below are the balances by program.

Head Start Non-Federal	\$ (97.62)
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	8,412.76
UHC – JP Morgan Donations	<u>1,000.00</u>
Total Temporarily Restricted Net Assets	<u>\$ 29,093.47</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	\$ 35,938.83
07CH0974/44	Supplies	774,674.19
	Space	83,889.84
	Professional Volunteers	35,988.77
	Non-professional Volunteers	<u>919,857.37</u>
	Total In-Kind	1,850,349.00
	Non-SFAS No. 116	<u>(919,857.37)</u>
	SFAS No.116 In-Kind	<u>\$ 930,491.63</u>

15. REAL ESTATE JOINT VENTURES

The Organization and Delta Area Community Development Corporation (DACDC) are involved in 29 real estate joint ventures. All joint ventures are for affordable housing development projects in their service area. The Organization and DACDC ownership interest is 1.0% in 15 of the properties, .5% in 13 of the properties, and 5% in one property. The Original capital contributions ranged from \$5.00 to \$100.00 at the initial startup time. Federal and state grants and tax credits, permanent loan financing, and the capital contributions of the limited partners financed a significant portion of each of the project's total cost.

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

During the new fiscal year, the Organization approved the purchase of property in New Madrid for an Early Head Start Facility at a cost and \$45,000.00 of which was paid with the Head Start Grant.

The Organization approved and purchased the Center for Family Resources in Malden, Missouri in April of 2010, including contents and a vehicle, in the amount of \$60,635.00. The building is being funded by Rural Development Loan in the amount of \$45,000.00, with remaining cost for contents and the vehicle to be paid for current CSBG ARRA Funds.

19. ACCOUNTING POLICIES CHANGE AND PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2009, the Organization added to their records the assets, liabilities, and activity of Scott City Apartments II, a wholly owned subsidiary. As a result, beginning balances have been restated to include the December 31, 2008 balances of Scott City Apartments II's net assets. Beginning net assets have been restated as follows:

Net Assets, Beginning of the Year, As Reported	\$ 1,866,174.54
Increase in Net Assets	<u>7,690.30</u>
Net Assets, Beginning of the Year, As Restated	<u>\$ 1,873,864.84</u>

SUPPLEMENTAL INFORMATION

Delta Area Economic Opportunity Corporation

Portageville, Missouri

Combining Schedule of Revenues and Expenses

For the Year Ended December 31, 2009

Program: Fund: CFDA:	Early Childhood						Community Services					
	Head Start - Federal	ARRA Head Start - Federal	Head Start - USDA	Head Start - Donation	USDA/CCFP	County Donations	ARRA CSBG	CSBG	United Way - FEMA	United Way - ARRA FEMA		
	810 93,600	811 93,600	820 10,558	840 N/A	750 10,558	230 N/A	234 93,710	235 93,569	290 97,024	295 97,114		
Revenues												
Grant Revenue - Federal	\$ 7,503,510.64	\$ 181,788.14	\$ 495,488.37	\$ -	\$ 1,262,248.74	\$ -	\$ 310,159.00	\$ 927,334.00	\$ 74,458.50	\$ 29,598.23		
Grant Revenue - State	-	-	-	-	-	-	-	-	-	-		
Grant Revenue - Other	3,000.00	-	-	-	-	-	-	-	-	-		
Program Fee Income	-	-	-	-	-	-	-	-	-	-		
Housing Rent	-	-	-	-	-	-	-	-	-	-		
Contributions	-	-	-	957.35	-	9,920.00	-	630.59	-	-		
Reimbursements	-	-	-	-	-	-	-	-	-	-		
Other Income	-	-	-	-	-	-	-	-	-	-		
Interest Income	-	-	-	-	-	-	-	-	-	-		
In-Kind Revenue	-	-	-	-	-	-	-	-	-	-		
Total Revenues	1,850,349.00	-	-	-	-	-	-	-	-	-		
	9,356,859.64	181,788.14	495,488.37	957.35	1,262,248.74	9,920.00	310,159.00	927,964.59	74,458.50	29,598.23		
Expenditures												
Salaries & Wages	3,884,378.89	62,997.30	55,581.49	-	78,222.49	-	247,129.42	254,753.95	-	-		
Fringe Benefits	1,482,628.43	31,768.09	11,396.94	-	28,454.08	-	63,691.74	104,148.38	-	-		
Administrative Allotment	-	-	-	-	-	-	11,499.92	(26,377.04)	527.08	-		
Advertising	4,892.33	-	-	-	(11.98)	-	823.30	1,569.99	-	-		
Bad Debts	-	-	-	-	-	-	-	-	-	-		
Board Expense	-	-	-	-	-	-	-	-	-	-		
Building Expense	-	-	-	-	-	-	-	-	-	-		
Client Assistance/Program Costs	106,447.27	3,159.00	357,065.72	484.85	1,129,647.27	11,079.42	3,418.12	16,361.91	74,512.09	30,441.22		
Computer Software	18,623.06	-	72.15	-	159.93	-	396.02	1,555.40	-	-		
Contractual	24,026.60	-	33,908.20	-	1,114.24	-	261.97	20,719.70	-	-		
Depreciation Expense	-	-	-	-	-	-	-	-	-	-		
Dues & Subscriptions	2,604.67	-	-	-	-	-	95.00	505.00	-	-		
Equipment & Improvements	168,049.85	60,077.43	1,045.83	-	708.06	-	10,604.29	7,259.07	-	-		
Indirect Cost	695,454.85	8,957.34	6,690.41	-	14,042.76	-	33,712.32	47,566.03	-	-		
In-Kind Expense	1,850,349.00	-	-	-	-	-	-	-	-	-		
Insurance	48,902.00	-	-	-	-	-	-	795.34	-	-		
Interest Expense	-	-	-	-	-	-	-	-	-	-		
Materials	-	-	-	-	-	-	-	-	-	-		
Postage	8,256.76	-	-	-	2,289.33	-	170.27	1,355.06	-	-		
Printing & Publications	138.00	-	350.00	-	1,149.00	-	1,778.11	165.00	-	-		
Professional Fees	26,403.25	-	745.80	3.63	180.00	14.07	-	100.00	-	-		
Rent-Building	255,684.25	-	-	-	301.08	-	9,338.02	26,347.86	-	-		
Repairs & Maintenance	149,652.86	10,264.76	48.90	-	367.79	-	2,493.24	8,917.88	-	-		
Supplies	105,307.14	-	6,923.27	984.76	366.29	-	12,545.56	22,712.30	-	-		
Telephone	35,921.55	-	342.83	-	895.46	-	6,202.69	6,091.92	-	-		
Training	37,465.55	4,564.22	15.00	-	165.00	-	1,263.40	2,821.88	-	-		
College Classes	44,704.18	-	-	-	-	-	-	-	-	-		
Transfers To/From	(27,543.28)	-	18,606.32	-	(2,554.57)	-	15,068.96	77,410.81	(580.67)	(842.99)		
Travel	92,522.87	-	2,695.51	-	5,402.73	-	5,992.12	21,629.79	-	-		
Utilities	123,874.89	-	-	-	1,119.04	-	6,162.75	11,486.64	-	-		
Vehicle Expense	218,114.67	-	-	-	230.74	-	2,374.54	3,712.70	-	-		
Total Expenditures	9,356,859.64	181,788.14	495,488.37	1,473.24	1,262,248.74	11,093.49	435,021.76	611,609.57	74,458.50	29,598.23		
Total Revenues Over	\$ -	\$ -	\$ -	\$ (515.89)	\$ -	\$ (1,173.49)	\$ (124,862.76)	\$ 316,355.02	\$ -	\$ -		
(Under) Expenditures												

Delta Area Economic Opportunity Corporation

Portageville, Missouri

**Combining Schedule of Revenues and Expenses
For the Year Ended December 31, 2009**

Program: Fund: CFDA:	Community Services			Weatherization Services										Emergency Services	
	CSBG - Missouri Housing Trust Fund	237 N/A	N/A	Rental Assistance	Atmos Gas Project-	Weatherization Inv	DOE	DOE/LIHEAP	DOE - ARRA	Ameren UE	Ameren UE II	LIHEAP - Energy Assistance			
				Program	Weatherization	Refund	Weatherization	350	351	352	360		366		
Revenues															
	\$	-	\$	-	\$	-	\$	386,274.03	\$	57,309.00	\$	395,286.73	\$		
Grant Revenue - Federal		38,130.24		34,638.38											
Grant Revenue - State		-		-		-	-	-	-	17,964.00	-	34,365.97	-		
Grant Revenue - Other		-		-		-	-	-	-	-	-	-	-		
Program Fee Income		-		-		-	-	-	-	-	-	-	-		
Housing Rent		-		-		-	-	-	-	-	-	-	-		
Contributions		-		-		-	-	-	-	-	-	-	-		
Reimbursements		-		-		-	-	-	-	-	-	-	-		
Other Income		-		-		-	-	-	-	-	-	-	-		
Interest Income		-		-		-	-	-	-	-	-	-	-		
In-Kind Revenue		-		-		-	-	-	-	-	-	-	-		
Total Revenues		38,130.24		34,638.38			386,274.03		395,286.73	17,964.00		34,365.97	2,453,820.99		
Expenditures															
Salaries & Wages		-		-	25,533.50	197.92	111,933.32	21,878.34	108,154.87	6,254.11	16,958.81	194,381.26			
Fringe Benefits		-		-	12,571.38	85.67	51,021.00	10,971.87	46,913.89	4,327.30	8,368.36	76,858.22			
Administrative Allotment		1,903.87		1,939.38											
Advertising		-		-	-	-	3,439.67	-	1,814.93	-	-	248.28			
Bad Debts		-		-	-	-	-	-	-	-	-	-			
Board Expense		-		-	-	-	-	-	-	-	-	-			
Building Expense		-		-	-	-	-	-	-	-	-	-			
Client Assistance/Program Costs		40,516.04		32,599.00			430.63		229.37			2,051,592.26			
Computer Software		-		-	-		249.00		39.20			504.47			
Contractual		-		-	8,759.46	581.15	40,839.48	3,036.26	20,524.80	1,916.63	4,628.94	36,277.36			
Depreciation Expense		-		-	-	-	-	-	-	-	-	-			
Dues & Subscriptions		-		-	-	-	4,496.51					-			
Equipment & Improvements		-		-	-	-	36,281.78		18,375.25		539.96	14,833.08			
Indirect Cost		-		-	3,835.81	36.86	23,600.85	3,792.71	24,815.88	1,319.44	3,345.66	36,819.24			
In-Kind Expense		-		-	-	-	-		-			-			
Insurance		-		-	434.10		-		2,803.75	284.39		229.22			
Interest Expense		-		-	-	-	-					-			
Materials		-		-	14,323.17	8,618.75	104,410.45	17,629.82	78,463.52	3,861.04	13,063.56	6,852.19			
Postage		-		-	-	-	948.33		186.30						
Printing & Publications		-		-	-	-	567.64					3,261.44			
Professional Fees		49.24		100.00	-	-	1,223.94				30.77	563.28			
Rent-Building		-		-	-	-	4,109.46		384.58			2,443.89			
Repairs & Maintenance		-		-	-	-	7,322.55		706.17	48.46		6,394.25			
Supplies		-		-	-	-	1,948.16		578.00			7,201.29			
Telephone		-		-	-	0.12	11,845.59		10,154.52			168.42			
Training		-		-	-	-	-					-			
College Classes		-		-	-	-	-					-			
Transfers To/From		(4,338.91)		(16,539.60)	(33,413.01)	(54,110.73)			45.53	(47.37)	(12,663.28)	9,521.03			
Travel		-		-	-	-	11,189.01		3,256.73			1,941.47			
Utilities		-		-	-	-	2,643.94		230.77			2,307.41			
Vehicle Expense		-		-	1,345.18	-	21,883.45		77,608.67		93.19	1,422.93			
Total Expenditures		38,130.24		34,638.38	50,263.00	(23,892.54)	386,274.03	57,309.00	395,286.73	17,964.00	34,365.97	2,453,820.99			
Total Revenues Over															
(Under) Expenditures		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		

Delta Area Economic Opportunity Corporation

Portageville, Missouri

**Combining Schedule of Revenues and Expenses
For the Year Ended December 31, 2009**

	Emergency Services			Family Planning			HUD SHP-			Housing Services			
	Atmos-Share The Warmth	Family Planning - Show Me Healthy Women	Family Planning - Title X	Family Planning - Program Income	Emergency Shelter Grant	Transitional Housing	Housing Administration	Unrestricted Funds	Housing Repair-AHP	Shelter Plus Care			
Program:	450	510	530	540	710	715	250	251	255	270			
Fund:	N/A	93,919	93,217	N/A	14,231	14,235	10,446	N/A	N/A	14,238			
CFDA:													
Revenues													
Grant Revenue - Federal	\$ -	\$ 75,927.25	\$ 235,205.00	\$ -	\$ 18,213.21	\$ 137,625.21	\$ 4,382.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,404.00
Grant Revenue - State	-	-	-	-	-	-	-	-	-	-	-	-	-
Grant Revenue - Other	2,813.21	-	-	-	34,308.22	7,343.28	-	-	-	-	-	165,371.52	-
Program Fee Income	-	-	-	47,002.10	-	-	-	-	-	-	-	-	-
Housing Rent	-	-	-	-	6,392.00	-	-	73,390.43	-	-	-	-	-
Contributions	-	-	-	-	2,675.00	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	11,217.05	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Kind Revenue	-	-	-	-	-	-	-	(10.00)	-	-	-	-	-
Total Revenues	2,813.21	75,927.25	235,205.00	58,219.15	61,588.43	144,968.49	4,382.36	73,380.43	165,371.52	121,404.00			
Expenditures													
Salaries & Wages	-	-	111,588.57	34,613.63	44,827.96	44,124.81	51,529.02	-	-	-	-	-	-
Fringe Benefits	-	-	32,986.76	19,624.05	20,888.45	20,457.66	21,446.41	-	-	-	-	-	-
Administrative Allotment	-	-	-	-	(98.00)	7,914.24	(95,020.38)	-	-	-	-	29,235.95	8,914.80
Advertising	-	-	-	114.90	79.94	-	537.66	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Client Assistance/Program Costs	973.91	32,529.60	-	3,936.01	11,881.26	67,209.72	208.44	(4,547.76)	166,068.61	103,164.00	-	-	-
Computer Software	-	-	(1,847.66)	2,208.00	288.27	-	144.12	-	-	-	-	-	-
Contractual	-	-	3,446.56	52,393.32	1,327.21	-	896.37	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	-	249.00	-	-	-	-	-	-	-	-	-
Equipment & Improvements	-	-	(3,856.01)	4,713.68	5,303.35	-	510.51	-	-	-	-	-	-
Indirect Cost	-	-	19,972.46	5,943.34	9,181.86	6,558.18	12,752.77	-	-	-	-	-	-
In-Kind Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	3,248.49	(2,040.97)	920.81	-	65.20	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	8,186.64	-	-	-	-	-
Postage	-	-	-	-	-	-	-	66.59	-	-	-	-	-
Printing & Publications	-	-	48.92	532.24	437.60	-	983.91	-	-	-	-	-	-
Professional Fees	-	-	-	340.36	-	-	-	-	-	-	-	-	-
Rent-Building	16.19	89.14	356.23	89.34	99.27	246.28	507.18	105.20	-	-	-	-	922.20
Repairs & Maintenance	-	-	(11,686.00)	32,436.00	381.08	-	201.59	-	-	-	-	-	-
Supplies	-	-	-	3,233.65	(13,631.69)	-	329.09	-	-	-	-	-	-
Telephone	-	-	9,250.13	11,193.17	879.70	1,646.03	1,468.77	-	-	-	-	-	-
Training	-	-	(114.07)	5,230.58	3,224.75	399.00	808.35	-	-	-	-	-	-
College Classes	-	-	375.00	175.00	333.42	-	3,388.11	-	-	-	-	-	-
Transfers To/From	1,823.11	43,308.51	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	69,149.53	(124,725.02)	(35,396.61)	(7,570.73)	(9,399.63)	26,032.29	(6,634.53)	8,403.00	-	-	-
Utilities	-	-	1,237.73	6,213.70	4,867.52	3,903.30	10,221.19	-	-	-	-	-	-
Vehicle Expense	-	-	1,048.36	3,291.12	4,917.35	80.00	701.17	-	-	-	-	-	-
Total Expenditures	2,813.21	75,927.25	235,205.00	61,239.24	61,588.43	144,968.49	4,382.36	29,776.37	188,670.03	121,404.00			
Total Revenues Over	\$ -	\$ -	\$ -	\$ (3,020.09)	\$ -	\$ -	\$ -	\$ 43,604.06	\$ (23,298.51)	\$ -			
(Under) Expenditures													

Delta Area Economic Opportunity Corporation

Portageville, Missouri

**Combining Schedule of Revenues and Expenses
For the Year Ended December 31, 2009**

Program: Fund: CFDA:	Housing Services							Management and General			Organization Wide Sub-Total
	MHDC - Home Repair 285 14,239	HUD SHP- Permanent Housing 716 14,235	Eagles Landing 920 N/A	Caruthersville Project 900 N/A	Caruthersville Project 901 10,415	Kennett Project 902 N/A	Agency Funds 120 N/A	Indirect Costs 130 N/A			
Revenues											
Grant Revenue - Federal	\$ 916,534.81	\$ 102,215.90	\$ -	\$ -	\$ 292,061.10	\$ -	\$ (292,061.10)	\$ -		\$ 15,688,784.11	
Grant Revenue - State	-	-	-	-	-	-	-	-		175,361.59	
Grant Revenue - Other	-	4,521.63	-	-	-	-	-	-		217,357.86	
Program Fee Income	-	-	-	-	-	-	-	-		120,392.53	
Housing Rent	-	-	-	-	-	-	-	-		6,392.00	
Contributions	-	-	-	-	-	-	-	-		172,264.55	
Reimbursements	-	-	-	-	-	-	146,864.56	-		1,203,916.93	
Other Income	-	-	-	-	-	-	238,933.22	964,983.71		1,239.27	
Interest Income	-	-	-	-	-	-	1,239.27	-		23,118.16	
In-Kind Revenue	-	-	-	-	-	-	23,128.16	-		1,850,349.00	
Total Revenues	916,534.81	106,737.53	-	-	292,061.10	-	118,104.11	964,983.71		19,459,176.00	
Expenditures											
Salaries & Wages	-	29,037.46	-	-	-	-	31,216.01	534,687.35		5,949,980.48	
Fringe Benefits	-	12,435.92	-	-	-	-	11,857.85	168,670.86		2,241,573.31	
Administrative Allotment	72,639.66	-	-	-	-	-	-	-		13,079.48	
Advertising	-	-	-	-	-	-	-	2,066.95		15,575.97	
Bad Debts	-	-	-	-	-	-	87,871.77	-		87,871.77	
Board Expense	-	-	-	-	-	-	-	12,606.94		12,606.94	
Building Expense	-	-	14,299.35	-	286,373.32	-	(290,924.82)	-		9,747.85	
Client Assistance/Program Costs	793,745.75	52,737.00	-	-	-	-	13,239.47	2,871.77		5,102,001.95	
Computer Software	-	-	-	-	-	-	-	2,692.87		25,084.83	
Contractual	-	-	-	-	-	-	-	56,560.88		322,331.56	
Depreciation Expense	-	-	-	-	-	-	11,112.43	-		178,659.31	
Dues & Subscriptions	-	-	-	-	-	-	178,659.31	-		26,918.49	
Equipment & Improvements	-	-	-	-	-	-	4,752.50	14,215.81		344,666.84	
Indirect Cost	-	6,558.17	2,115.89	-	1,944.29	-	-	16,160.53		964,983.71	
In-Kind Expense	-	-	-	-	-	-	26.77	-		1,850,349.00	
Insurance	-	-	3,204.60	-	-	-	34,748.92	11,941.53		105,537.38	
Interest Expense	-	-	2,779.29	-	-	-	126,348.10	-		137,314.03	
Materials	-	-	-	-	-	-	34.98	55.00		240,526.88	
Postage	-	-	-	-	-	-	799.55	14,450.10		37,310.56	
Printing & Publications	-	-	-	-	-	-	-	4,997.18		8,917.65	
Professional Fees	35,320.56	169.78	55.14	-	-	-	7,950.49	12,121.63		89,504.47	
Rent-Building	-	-	-	-	-	-	-	1,934.10		316,800.31	
Repairs & Maintenance	-	-	69.00	-	-	-	4,170.05	12,917.38		185,770.84	
Supplies	-	-	3,246.00	-	8,840.19	-	5,606.52	27,274.69		232,715.95	
Telephone	-	339.00	-	-	-	-	2,631.63	10,164.68		81,865.94	
Training	-	-	-	-	-	-	299.80	9,217.58		82,252.49	
College Classes	-	-	-	-	-	-	-	-		44,704.18	
Transfers To/From	14,828.84	2,714.30	(25,925.34)	34,785.49	(5,542.28)	0.13	22,975.68	23,155.02		-	
Travel	-	2,745.90	-	-	-	-	(49.52)	17,225.86		190,995.91	
Utilities	-	-	-	-	-	-	324.64	7,451.24		165,639.32	
Vehicle Expense	-	-	156.07	-	-	-	7,528.48	1,543.76		340,399.37	
Total Expenditures	916,534.81	106,737.53	-	34,785.49	291,615.52	0.13	261,255.72	964,983.71		19,405,686.77	
Total Revenues Over	\$ -	\$ -	\$ -	\$ (34,785.49)	\$ 445.58	\$ (0.13)	\$ (143,151.61)	\$ -		\$ 53,489.23	
(Under) Expenditures											

Delta Area Economic Opportunity Corporation

Portageville, Missouri

**Combining Schedule of Revenues and Expenses
For the Year Ended December 31, 2009**

	Housing Services							Elimination Entries	Organization Wide Total
	Program: Fund: CFDA:	Scott City Apartments LLC	Allgeier Manor, LLC	Moritz Place, LLC	Lucille Manor, LLC				
		251 N/A	251 N/A	251 N/A	251 N/A				
Revenues									
Grant Revenue - Federal	\$	23,230.32	\$	-	\$	-	\$	-	\$ 15,712,014.43
Grant Revenue - State		-		-		-		-	175,361.59
Grant Revenue - Other		-		-		-		-	217,357.86
Program Fee Income		-		-		-		-	120,392.53
Housing Rent		50,311.00		83,559.52		97,278.38		95,806.00	333,346.90
Contributions		-		-		-		-	25,399.99
Reimbursements		-		-		-		(146,864.56)	74,355.44
Other Income		-		898.01		396.25		903.93	3,437.46
Interest Income		28.65		-		-		-	23,146.81
In-Kind Revenue		-		-		-		(919,857.37)	930,491.63
Total Revenues		73,569.97		84,457.53		97,674.63		96,709.93	17,615,304.64
Expenditures									
Salaries & Wages		-		-		-		-	5,949,980.48
Fringe Benefits		-		-		-		-	2,241,573.31
Administrative Allotment		-		-		-		-	13,079.48
Advertising		-		-		-		-	15,575.97
Bad Debts		-		-		-		-	87,871.77
Board Expense		-		-		-		-	12,606.94
Building Expense		-		-		-		-	9,747.85
Client Assistance/Program Costs		-		5,515.54		6,766.02		4,697.54	5,118,981.05
Computer Software		-		-		-		-	25,084.83
Contractual		11,582.75		17,287.30		15,694.70		20,400.00	387,296.31
Depreciation Expense		11,984.76		17,656.17		19,677.11		13,077.10	241,054.45
Dues & Subscriptions		-		-		-		-	26,918.49
Equipment & Improvements		-		-		-		-	197,802.28
Indirect Cost		-		-		-		-	(146,864.56)
In-Kind Expense		-		-		-		-	(964,983.71)
Insurance		2,565.00		7,619.00		8,887.00		7,619.00	930,491.63
Interest Expense		27,927.54		26,094.15		24,994.07		26,083.85	132,227.38
Materials		-		-		-		-	242,413.64
Postage		-		-		-		-	240,526.88
Printing & Publications		-		-		-		-	37,310.56
Professional Fees		-		-		-		-	8,917.65
Rent-Building		-		-		-		-	89,504.47
Repairs & Maintenance		7,597.35		20,845.68		15,473.15		23,515.21	152,222.53
Supplies		324.14		1,102.37		2,203.75		3,363.65	253,202.23
Telephone		667.80		932.68		730.10		1,164.61	239,709.86
Training		-		-		-		-	85,361.13
College Classes		-		-		-		-	82,252.49
Transfers To/From		-		-		-		-	44,704.18
Travel		-		-		-		-	-
Utilities		2,548.18		4,109.18		6,204.93		4,915.19	190,995.91
Vehicle Expense		-		-		-		-	183,416.80
Total Expenditures		65,197.52		101,162.07		100,630.83		104,836.15	340,399.37
Total Revenues Over		\$ 8,372.45		\$ (16,704.54)		\$ (2,956.20)		\$ (8,126.22)	\$ 17,581,229.92
(Under) Expenditures									\$ 34,074.72

Delta Area Economic Opportunity Corporation

Portageville, Missouri

COMMUNITY SERVICES BLOCK GRANT PROGRAM

GRANT NO. CSBG 03

For the Program Period October 1, 2008 to September 30, 2009

Schedule of Revenue and Expenses Compared with Budget

	10/01/2008 to 12/31/2008	01/01/2009 to 09/30/2009	Total Grant
Beginning CSBG Residual Receipts		*	\$ 394,147.75 *
Revenue			
Grant Revenue-CSBG	\$ 167,096.00	\$ 927,334.00	1,094,430.00
Contributions	469.94	304.40	774.34
Other Income	2,000.00	-	2,000.00
Total Revenue	169,565.94	927,638.40	1,097,204.34
Expenditures			
Personnel	102,060.92	359,219.55	461,280.47
Contract Services	866.47	20,819.70	23,241.57
Travel	3,397.23	21,629.79	25,027.02
Payment to/for Participants	2,160.00	2,832.54	4,992.54
Occupancy	13,551.01	43,535.38	57,086.39
Operating Expenses	12,643.35	65,290.03	76,377.98
Administrative Expenses	11,753.48	47,145.03	58,898.51
Subtotal of Operating Expense	146,432.46	560,472.02	706,904.48
Leveraging - HUD Operational Exp	4,097.57	70,155.28	74,252.85
Total Expenditures	150,530.03	630,627.30	781,157.33
Revenue over(under) Expense	\$ 19,035.91	\$ 297,011.10	316,047.01
Ending CSBG Residuals			\$ 710,194.76

Strategy	Contract Amount	Units Provided	Revenue by Strategy
Community Coordination/Resource Development			
MAPS (Miss Co)	\$ 45,000	4 units/\$11,250	\$ 45,000
MAPS (New Madrid Co)	45,000	4 units/\$11,250	45,000
Step up to Leadership (New Madrid Co)	40,000	4 units/\$10,000	40,000
Step up to Leadership (Pem Co)	40,000	4 units/\$10,000	40,000
Green Collar Jobs	50,000	4 units/\$12,500	50,000
Through the Eyes of Poverty	45,000	4 units/\$11,250	45,000
Family Development			
A#2 Supp			
Intake Assesment Referral		13,540 units/\$28	379,120
Resource Distribution		938 units/\$25	23,450
Family Support		2,037 units/\$28	57,036
Making the Grade		1,815 units/\$50	90,750
Life Skills		1,203 units/\$25	30,075
Back to School Fair		8,049 units/\$25	201,225
Tax Preparation		966 units/\$50	48,300
Less Hanging Units			(526)
			\$ 1,094,430

* - Beginning balances have been changed to add back CSBG residuals previously reported in error.

Delta Area Economic Opportunity Corporation

Portageville, Missouri

HEAD START PROGRAM

GRANT NO. 07CH0974/44

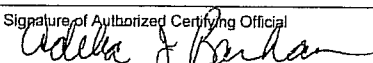
For the Program Year Ended December 31, 2009

Schedule of Revenue and Expenses Compared with Budget

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUE			
Grant Revenue - Head Start	\$ 7,616,485	\$ 7,503,511	\$ (112,974)
Grantee's In-Kind Contributions	1,850,349	1,850,349	-
Program Income	3,000	3,000	-
TOTAL REVENUE	9,469,834	9,356,860	(112,974)
EXPENSES			
Direct Costs			
Personnel	4,011,504	3,884,379	127,125
Fringe Benefits	1,388,979	1,482,628	(93,649)
Travel	11,855	92,523	(80,668)
Equipment	4,600	175,158	(170,558)
Supplies	87,333	105,307	(17,974)
Contractual	41,157	24,027	17,130
Other	1,392,985	1,047,034	345,951
Indirect Costs	681,072	695,455	(14,383)
Total Federal Expenses	7,619,485	7,506,511	112,974
Grantee's In-Kind Expenses			
Personnel and Supplies	1,850,349	1,850,349	-
TOTAL EXPENSES	9,469,834	9,356,860	112,974
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 Admin. for Youth, Family, & Children		2. Federal Grant or Other Identifying Number Assigned By Federal Agency 07CH0974/44		OMB Approval No. 0348-0039	Page of 1 1 pages
3. Recipient Organization (Name and complete address, including ZIP code) Delta Area Economic Opportunity Corporation, 99 Skyview Rd., Portageville MO 63873					
4. Employer Identification Number 43-0834206		5. Recipient Account Number or Identifying Number		6. Final Report <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual					
8. Funding/Grant Period (See instructions) From: (Month, Day, Year) 1/1/2009		To: (Month, Day, Year) 12/1/2009		9. Period Covered by this Report From: (Month, Day, Year) 7/1/2009 To: (Month, Day, Year) 12/31/2009	
10. Transactions:		I Previously Reported		II This Period	
		III Cumulative			
a. Total outlays		4,617,472.98		4,736,386.66	
b. Refunds, rebates, etc.				0.00	
c. Program income used in accordance with the deduction alternative				0.00	
d. Net outlays (Line a, less the sum of lines b and c)		4,617,472.98		4,736,386.66	
e. Recipient's share of net outlays, consisting of:		899,351.05		950,997.95	
f. Third party (in-kind) contributions				1,850,349.00	
g. Other Federal awards authorized to be used to match this award				0.00	
h. Program income used in accordance with the matching or cost sharing alternative				0.00	
i. All other recipient outlays not shown on lines e, f or g				0.00	
j. Total recipient share of net outlays (Sum of lines e, f, g and h)		899,351.05		950,997.95	
k. Federal share of net outlays (line d less line i)		3,718,121.93		3,785,388.71	
l. Total unliquidated obligations				112,974.36	
m. Recipient's share of unliquidated obligations					
n. Federal share of unliquidated obligations				112,974.36	
o. Total Federal share (sum of lines j and m)				7,616,485.00	
p. Total Federal funds authorized for this funding period				7,616,485.00	
q. Unobligated balance of Federal funds (Line o minus line n)				0.00	
r. Program income, consisting of:					
s. Disbursed program income shown on lines c and/or g above					
t. Disbursed program income using the addition alternative					
u. Undisbursed program income					
v. Total program income realized (Sum of lines q, r and s)				0.00	
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 13%		c. Base 5304279.97	
		d. Total Amount 695,454.85		e. Federal Share	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. Please see attached regarding unliquidated obligations.					
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	
Signature of Authorized Certifying Official 				Date Report Submitted March 30, 2010	

Delta Area Economic Opportunity Corporation

Portageville, Missouri

HEAD START PROGRAM

GRANT NO. 07CH0974/44

For the Program Year Ended December 31, 2009

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:	-
Balance of Grant Funds Not Received to Carryover to Program Year Ending December 31, 2009	<u><u>\$ -</u></u>

Delta Area Economic Opportunity Corporation

Grant No. G-08-16-2600-02

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF July 01, 2008 to June 30, 2009

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	261,017	Grant Income	261,017
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	261,017	Total Revenue	261,017
Expenditures		Expenditures	
Administration	18,439	Administration	18,439
Program Operations	219,732	Program Operations	219,732
Insurance	5,850	Insurance	5,850
Training & Technical Assistance	12,733	Training & Technical Assistance	12,733
Other	4,263	Other	4,263
Total Expenditures	261,017	Total Expenditures	261,017
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation

Grant No. G-08-16-2600-02

**BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of July 01)**

\$ _____ 0

GRANT REVENUE
(Funds received July 01 through June 30)

\$ 261,017

PROGRAM INCOME

\$ 0

LESS EXPENDITURES
(July 01 through June 30)

\$ 261,017

AGENCY ENDING FUND BALANCE

\$ 0

Ending Cash on Hand

\$ 0

Ending Inventory

\$ _____ 0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-AMGAS-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF November 1, 2008 to October 31, 2009****ENERGY CENTER****SUBGRANTEE**

Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	20,503	Grant Income	20,503
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	20,503	Total Revenue	20,503
Expenditures		Expenditures	
Administration	1,025	Administration	1,025
Program Operations	19,478	Program Operations	19,478
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	20,503	Total Expenditures	20,503
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-AMGAS-02**

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

GRANT REVENUE
(Funds received February 15 through October 31) \$ 20,503

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(February 15 through October 31) \$ 20,503

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-AMUE2-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF November 1, 2008 to October 31, 2009**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	42,922	Grant Income	42,922
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	42,922	Total Revenue	42,922
Expenditures		Expenditures	
Administration	2,146	Administration	2,146
Program Operations	40,776	Program Operations	40,776
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	42,922	Total Expenditures	42,922
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-AMUE2-02**

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

GRANT REVENUE
(Funds received November 01 through October 31) \$ 42,922

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(November 01 through October 31) \$ 42,922

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-ATMOS-02****RECONCILIATION OF REVENUES AND EXPENSES****FOR THE PERIOD OF November 1, 2008 to October 31, 2009**

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	57,245	Grant Income	57,245
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	57,245	Total Revenue	57,245
Expenditures		Expenditures	
Administration	2,861	Administration	2,861
Program Operations	54,384	Program Operations	54,384
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	57,245	Total Expenditures	57,245
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-ATMOS-02**

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

GRANT REVENUE
(Funds received November 01 through October 31) \$ 57,245

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(November 01 through October 31) \$ 57,245

AGENCY ENDING FUND BALANCE \$ 0

Ending Cash on Hand \$ 0

Ending Inventory \$ 0

Delta Area Economic Opportunity Corporation

Grant No. G-08-16-LIHP-02

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF December 15, 2008 to September 30, 2009

<u>ENERGY CENTER</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	0	Beginning Fund Balance	0
Revenue		Revenue	
Grant Income	57,309	Grant Income	57,309
Carry Over Funds	0	Carry Over Funds	0
Program Income	0	Program Income	0
Total Revenue	57,309	Total Revenue	57,309
Expenditures		Expenditures	
Administration	2,350	Administration	2,350
Program Operations	54,959	Program Operations	54,959
Insurance	0	Insurance	0
Financial Audit	0	Financial Audit	0
Other	0	Other	0
Total Expenditures	57,309	Total Expenditures	57,309
Ending Fund Balance	0	Ending Fund Balance	0

Delta Area Economic Opportunity Corporation**Grant No. G-08-16-LIHP-02**

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

GRANT REVENUE
(Funds received December 15 through September 30) \$ 57,309

PROGRAM INCOME \$ 0

LESS EXPENDITURES
(December 15 through September 30) \$ 57,309

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, 2009

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 Cluster			
Emergency Food and Shelter Program	9/30/2009	N/A	\$ 33,788.82
Emergency Food and Shelter Program	9/30/2010	N/A	40,669.68
Emergency Food and Shelter Program - ARRA	9/30/2009	N/A	5,940.30
Emergency Food and Shelter Program - ARRA	9/30/2010	N/A	23,657.93
Total Emergency Food and Shelter Program Cluster			104,056.73
Total U.S. Department of Homeland Security			104,056.73
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start Cluster			
Head Start	12/31/2010	N/A	7,503,510.64
Head Start - ARRA	9/30/2010	N/A	181,788.14
Total Head Start Cluster (M)			7,685,298.78
State of Missouri Department of Social Services - Family Support Division			
Low-Income Home Energy Assistance Program (ECIP)	9/30/2009	FFY09 LIHEAP	2,043,533.53
Low-Income Home Energy Assistance Program (ECIP)	9/30/2010	FFY10 LIHEAP	410,287.46
Low-Income Home Energy Assistance Program (WZN)	9/30/2009	G-08-16-LIHP-02	57,309.00
TOTAL	93.568 (M)		2,511,129.99
State of Missouri Department of Social Services - Family Support Division			
CSBG Cluster			
Community Services Block Grant	9/30/2009	CSBG-03	927,334.00
Community Services Block Grant-ARRA	9/30/2010	CSBG-03	310,159.00
Total Community Services Block Grant Cluster (M)			1,237,493.00
State of Missouri Department of Health and Senior Services			
Breast and Cervical Cancer Early Detection Program	6/29/2009	ERS161-09054	46,317.41
Breast and Cervical Cancer Early Detection Program	6/29/2010	DP000820-03	29,609.84
TOTAL	93.919		75,927.25
Missouri Family Health Council, Inc.			
Title X Family Planning	3/30/2009	2009 Title X	65,868.47
Title X Family Planning	3/30/2010	2010 Title X	169,336.53
TOTAL	93.217		235,205.00
Total U.S. Department of Health and Human Services			11,745,054.02

Delta Area Economic Opportunity Corporation
Portageville, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

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	6/30/2009	G-08-16-2600-02	\$ 148,986.03
Weatherization Assistance for Low-Income Individuals	6/30/2011	G-09-16-2600-02	237,288.00
Weatherization Assistance for Low-Income Individuals - ARRA	3/31/2012	G-09-16-ARRA-02	395,286.73
Total Weatherization Assistance for Low-Income Individuals Cluster (M)			<u>781,560.76</u>
Total U.S. Department of Energy			<u>781,560.76</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Supportive Housing Program - Transitional Housing	10/31/2009	MO36B301019	116,466.27
Supportive Housing Program - Transitional Housing	10/31/2010	MO0082B7E060801	21,158.94
Supportive Housing Program - Permanent Housing	10/31/2009	MO36B301018	81,061.80
Supportive Housing Program - Permanent Housing	10/31/2010	MO0081B7E060801	21,154.10
		TOTAL 14.235	<u>239,841.11</u>
Passed Through:			
Missouri Housing Development Corporation			
HOME Repair Opportunity	12/31/2009	M-08-SG-29-0100	916,534.81
State of Missouri Department of Mental Health			
Shelter Plus Program	3/31/2009	ER0197-MO36C706016	34,322.00
Shelter Plus Program	3/31/2010	ER0197-MO0080C7P060801	87,082.00
		TOTAL 14.238	<u>121,404.00</u>
State of Missouri Department of Social Services - Family Support Division			
Emergency Shelter Program	3/31/2010	ERO-164035	18,213.21
Total U.S. Department of Housing and Urban Development			<u>1,295,993.13</u>

Delta Area Economic Opportunity Corporation
Portageville, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass - Through Identifying Number	CFDA #	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Rural Rental Housing Loan-Scott City Apartments II	12/31/2009	10.415	\$ 292,061.10
Rural Renting Assistance Payments	12/31/2009	10.427	23,230.32
Passed-through: Passed through the Housing Assistance Council Rural Community Development Initiative	12/31/2009	10.446	4,382.36
State of Missouri Department of Health and Senior Services			
Child and Adult Care Food Program - Home Sponsor Program	9/30/2009	10.558	964,982.58
Child and Adult Care Food Program - Home Sponsor Program	9/30/2010	10.558	297,266.16
Child and Adult Care Food Program - Center Reimbursement	9/30/2009	10.558	343,545.62
Child and Adult Care Food Program - Center Reimbursement	9/30/2010	10.558	151,942.75
		TOTAL 10.558 (M)	1,757,737.11
Total U.S. Department of Agriculture			2,077,410.89
Total Expenditures of Federal Awards			\$ 16,004,075.53

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, 2009, and have issued our report thereon dated September 29, 2010. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and question costs, we identified certain deficiencies in internal control over financial reporting that we consider to material weaknesses.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See findings 2009-1 and 2009-2.

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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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 29, 2010
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 Delta Area Economic Opportunity Corporation's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a material and direct effect on each of Delta Area Economic Opportunity Corporation's major federal programs for the year ended December 31, 2009. 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 2009-03 in the accompanying schedule of findings and questioned costs, Delta Area Economic Opportunity Corporation did not comply with requirements regarding minimum program requirements that are applicable to its U.S. Department of Energy, Weatherization Assistance for Low Income Persons, and its U.S. Department of Health and Human Services, Low-Income Home Energy Assistance Program. Compliance with such requirements is necessary, in our opinion, for Delta Area Economic Opportunity Corporation to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Delta Area Economic Opportunity Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2009.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal controls over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questions costs as item 2009-03 to be a material weakness.

Delta Area Opportunity Corporation's responses to the finding described in our audit are described in the accompanying corrective action plan. We did not audit Delta Area Opportunity Corporation's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, 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 29, 2010
Chanute, Kansas

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009**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 Cluster	
Head Start	CFDA 93.600
Head Start – ARRA	CFDA 93.708
Low-Income Home Energy Assistance Program	CFDA 93.568
Community Services Block Grant Cluster	
Community Services Block Grant	CFDA 93.569
Community Services Block Grant – ARRA	CFDA 93.710

U.S. DEPARTMENT OF ENERGY

Weatherization Assistance for Low-Income Individuals	CFDA 81.042
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOME Repair Opportunity	CFDA 14.239
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U.S. DEPARTMENT OF AGRICULTURE

Child and Adult Care Food Program	CFDA 10.558
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The threshold for distinguishing Types A and B programs was \$480,122.27.

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, 2009

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2009-01 – 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, 2009, it was noted that 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 reconcile 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, 2009, 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 50-51 of the current year audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

II. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Finding 2009-02 – 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:

Reconciliations of balance sheet accounts found transactions that were improperly classified and/or not recorded at all. These balance sheet account reconciliations resulted in material amounts of general ledger adjustments posted after year end and through the date of the audit report.

Context:

The Organization could 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 50-51 of the current year audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION
Portageville, Missouri

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

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

Finding: 2009-03 – Weatherization Client Files

U.S. DEPARTMENT OF ENERGY

Weatherization Assistance for Low Income Persons – CFDA 81.042

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Low-Income Home Energy Assistance Program - CFDA 93.568

Criteria:

DOE requires each grantee to maintain complete and accurate accounts and other records for the program in accordance with DOE program requirements, in a manner that permits a speedy and effective audit to support amounts paid for weatherization. (10 CFR section 440.16).

Condition:

During our testing, it was noted that the Organization had not maintained records that included proper documentation of heating system information, support for ownership of the property, and files contained incomplete initial inspections and incomplete final inspections.

Effect:

The Organization did not meet program file requirements as the weatherization files did not contain the required documentation. As a result funds could be determined to be questioned and have to be returned to the grantor with the use of local funds.

Cause:

The Organization lacked proper internal controls to be able to handle the large influx of funds for weatherization over client files and the errors were not detected.

Recommendation:

Policies and procedures should be written to provide internal control over client files. We recommend the Organization establish a review process, such as sampling a portion of each population of client files, to ensure all proper documentation is on file and up to date.

Views of responsible officials and planned corrective action:

See the Corrective Action Plan on page 50-51 of the current year audit.

DELTA AREA ECONOMIC OPPORTUNITY CORPORATION

Portageville, Missouri

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2009

Period Year Ended/Findings:

Finding 2008-01 – 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.

Status:

This is a repeat finding, see finding 2009-01.

Finding 2008-02 – 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.

Status:

This is a repeat finding, see finding 2009-02.

Finding 2008-03 – Obligation of LIHEAP funds

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.

Status:

The Organization has implemented policies and procedures to ensure that obligation reporting and review processes are completed and only proper obligations are done by the Organization.

Corrective Action Plan

September 29, 2010

Cognizant or Oversight Agency for Audit

Delta Area Economic Opportunity Corporation respectfully submits the following corrective action plan for the year ended December 31, 2009.

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, 2009.

The findings from the September 29, 2010 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 2009-01 – 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, 2009, and proceed forward in implementing this recommendation on a monthly basis.

Action Taken:

We concur with the recommendation and have increased chief financial officer training in the area of fiscal oversight. We have also hired an outside consultant to review the general ledger on a quarterly basis as an additional internal control over financial reporting and we have brought in an outside consultant to review fiscal processes. Several recommendations are being implemented to increase the efficiency of the fiscal department including trying to identify an outside mentor from a similar entity who could provide additional support to the fiscal officer.

Finding 2009-02 – 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. Since the beginning of the current fiscal year, fiscal staff has completed additional MIP training, training on financial statements, other internal training, and additional, ongoing training is being planned. Outside consultants as well as internal personnel have been involved in delivering the training. A review of fiscal processes by an outside consulting firm, Wipfli, has identified several instruments that can be used to increase the efficiency of fiscal staff and decrease the opportunity for making errors in recording transactions. These instruments are currently being used where the agency already had access to these instruments. In those cases where other software programs have been recommended, the organization is in process of reviewing available programs and analyzing the cost effectiveness of the recommendation. In addition, the organization is using an outside consultant to review the general ledger as an additional internal control.

Corrective Action Plan

Finding 2008-03 – Weatherization Client Files

Recommendation:

Policies and procedures should be written to provide internal control over client files. We recommend the Organization establish a review process, such as sampling a portion of each population of client files, to ensure all proper documentation is on file and up to date.

Action Taken:

We concur with the recommendation and since year end have received monitoring and technical assistance visits from both the Missouri DNR office and a contractor for the DOE OIG office. As a result, the following corrective actions have been taken:

- 1) Staff positions that have been replaced and additional positions that have been filled since the first of the year have been filled with individuals with more specialized skills in using checks and balances to monitor and assure proper paperwork is being completed.
- 2) Staff is being cross-trained so that more than one individual knows procedural protocols.
- 3) A new organizational system and a checklist system have been adopted for client files that enables easier tracking of contract compliance. This new format has been reviewed by both Missouri DNR and DOE OIG contractor personnel.
- 4) A new tracking system is being used to track labor costs for each home that more accurately reflects actual expenses per home. This has also been reviewed by both Missouri DNR and DOE OIG contractor personnel.
- 5) Extensive training is being pursued for the staff involved with weatherization paperwork.
- 6) The policy and procedures governing the day-to-day working of the weatherization office is being amended to add a more extensive review process for files.

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

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