

**Organized Community
Action Program, Inc.**

Financial Statements

For The Year Ended September 30, 2009

Organized Community Action Program, Inc.
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September 30, 2009

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

We have audited the accompanying statement of financial position of Organized Community Action Program, Inc. (a nonprofit organization) (the "Agency") as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 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 April 9, 2010 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and is not a

required part of the basic financial statements. Also the schedules on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

April 9, 2010

**INDEPENDENT AUDITORS' 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
Organized Community Action Program, Inc.
Troy, Alabama

We have audited the financial statements of Organized Community Action Program, Inc. (the "Agency"), as of and for the year ended September 30, 2009, and have issued our report thereon dated April 9, 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 the Agency'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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

We noted certain other matters that we reported to management of the Agency in a separate letter dated April 9, 2010.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

April 9, 2010

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

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

Compliance

We have audited the compliance of Organized Community Action Program, Inc. (the "Agency") with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended September 30, 2009. The Agency's major federal programs are identified in the summary of auditors' 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 the Agency's management. Our responsibility is to express an opinion on the Agency'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 the Agency'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 the Agency's compliance with those requirements.

As described in item 09-01 in the accompanying schedule of findings and questioned costs, the Agency did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Head Start Grant. Compliance with such requirements is necessary, in our opinion, for the Agency to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Agency 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 the Agency's internal

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

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

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

April 9, 2010

Organized Community Action Program, Inc.

Statement of Financial Position

September 30,

2009

Assets

Current assets		
Cash and cash equivalents	\$	53,086
Investments		120,247
Accounts receivable - grants		333,074
Accounts receivable - others		450
Accrued support		147,386
Prepaid items		7,449
<hr/>		
Total current assets		661,692
Property and equipment, net		1,691,629
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Total assets	\$	2,353,321

Liabilities and Net Assets

Current liabilities		
Ledger overdraft	\$	63,745
Current maturities of long-term debt		34,088
Accounts payable		293,336
Accrued expenses		160,817
Deferred support		49,779
Due to grantor		11,566
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Total current liabilities		613,331
Long-term debt, net of current maturities		204,083
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Net assets		
Unrestricted		1,535,907
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Total liabilities and net assets	\$	2,353,321

See independent auditors' reports and accompanying notes to financial statements.

Organized Community Action Program, Inc.

Statement of Activities

Year ended September 30,

2009

Unrestricted Net Assets

Support

Grant revenue	\$ 11,066,015
Donations	90,253
In-kind	735,722
Interest earned	6,381
Lease income	34,432
Loss on sale of assets	(38,446)
Development fees	16,975
Miscellaneous income	2,665

Increase in unrestricted net assets	11,913,997
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Expenses

Program services	
Community Services Block Grant	567,635
LIHEAP	3,071,199
Weatherization	290,350
ARRA-Weatherization	38,483
Head Start	5,466,807
ARRA- Head Start	75,941
U.S.D.A.	499,677
Centsable Energy	20,041
Alabama Business Charitable Trust	36,953
Emergency Food and Shelter	71,465
ARRA- Emergency Food & Shelter	27,480
General Fund	41,588
Local Funds	138,806
Housing Preservation	150,235
HUD	23,885
Fatherhood	43,442
DCA Pre-K	328,748
Headstart Alabama Education Trust Fund	40,363
ARRA- CDBG Grant	2,328
Support services	
Administration	1,033,796

Decrease in unrestricted net assets	11,969,222
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Net Decrease in Unrestricted Net Assets	(55,225)
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Net Assets - Beginning	1,591,132
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Net Assets - Ending	\$ 1,535,907
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See independent auditors' reports and accompanying notes to financial statements.

Organized Community Action Program, Inc.

Statement of Cash Flows

<i>Year ended September 30,</i>	2009
Operating Activities	
Decrease in net assets	\$ (55,225)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	132,342
Loss on sale of assets	38,446
(Increase) decrease in operating assets:	
Accounts receivable - grants	(151,519)
Accounts receivable - other	2,236
Accrued support	4,550
Prepaid items	(6,849)
Increase in operating liabilities:	
Ledger overdraft	63,745
Accounts payable	81,173
Due to grantor	356
Accrued expenses	49,557
Deferred support	17,458
Net cash provided by operating activities	176,270
Capital and Related Financing Activities	
Purchase of assets	(156,039)
Proceeds from sale of assets	8,186
Principal payments on long-term debt	(13,498)
Net cash used by capital and related financing activities	(161,351)
Net increase in cash and cash equivalents	14,919
Cash and Cash Equivalents - Beginning	38,167
Cash and Cash Equivalents - Ending	\$ 53,086

See independent auditors' reports and accompanying notes to financial statements.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Organized Community Action Program, Inc. (the "Agency") is a non-profit agency engaged in the administration of federal, state, and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged. The Agency is organized on a non-stock basis and is dependent on contributions and grants as its sources of funds.

Basis of Reporting

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

Tax Exempt Status

The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an other-than-private foundation.

Cash and Cash Equivalents

The Agency considers all unrestricted investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Fixed assets purchased with federal funds are reported to the grantors as program expenses in the period purchased in order to obtain reimbursement under grant agreements. For financial reporting, these assets with an initial cost over \$5,000 are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, typically three to twenty years. Although grantor agencies may hold a reversionary interest in these assets, title rests with the Agency. The historical cost of assets that the grantor holds title or reversionary interest was \$1,569,236 at September 30, 2009. The only restrictions on these assets are that they should be used to benefit the program which purchased the asset.

Property and equipment purchased with non-federal operating funds are recorded at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, typically three to twenty years. Donated property and equipment are recorded at fair value.

Recognition of Grantor/Donor Restrictions

Support that is restricted by the grantor/donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants

All grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for fiscal year 2009 were not considered material to the financial statements.

Subsequent Events

The Agency has evaluated subsequent events through the date of issuance of these financial statements and has determined that no events occurring subsequent to year end warranted disclosure.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Agency maintains deposits with two financial institutions in Troy, Alabama. As of September 30, 2009, the balances on deposit with these institutions did not exceed federally insured limits of \$250,000. From time to time the balances with these institutions may exceed the FDIC limit. In this case, the balance in excess of federally insured limits is collateralized through securities pledged by the financial institution to the Security for Alabama Funds Enhancement (SAFE) Program administered by the Treasurer of the State of Alabama.

NOTE 3 - INVESTMENTS

Custodial Risk - The custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has limited its custodial risk by investing in certificates of deposit that are fully insured by FDIC.

Credit Risk - Although the Agency has no formal investment policy addressing credit risk, it has limited its exposure as noted above. Concentration of credit risk is the risk of loss attributable to the quantity of the Agency's investments in a single issuer. The Agency has limited its credit risk by investing in investment quality certificates of deposit.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 4 - ACCOUNTS RECEIVABLE - GRANTS

Accounts receivable – grants consists of the following:

<i>September 30,</i>	Grant ID	2009
USDA	9-30-08	\$ 103,418
Head Start	04CH-3076/43	37,481
Head Start-ARRA	04CH-3076/43	95,498
DOE	DOE-010-09	11,019
DOE-ARRA	ARRA-DOE-010-09	19,370
LIWAP	LIWAP-010-09	12,368
CSBG	CS-010-09	53,920
		\$ 333,074

NOTE 5 - ACCRUED SUPPORT

Accrued support consists of the following:

<i>September 30,</i>	Grant ID	2009
CSBG	CS-010-09	\$ 23,613
Housing Preservation	12-31-09	102,110
Housing Counseling	FY08	15,873
LIWAP	LIWAP-010-09	60
DOE	DOE-010-09	1,238
DOE-ARRA	ARRADOE-010-09	4,492
		\$ 147,386

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<i>September 30,</i>	2009
Land	\$ 119,263
Buildings, improvements and equipment	2,098,234
Vehicles	246,632
	2,464,129
Less: accumulated depreciation	(772,500)
Property and equipment, net	\$ 1,691,629

Depreciation expense for the year ended September 30, 2009 was \$132,342.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 7 - DEFERRED SUPPORT

Deferred support consists of the following:

<u>September 30,</u>			<u>2009</u>
Emergency Food and Shelter	12/31/09	\$	6,726
Emergency Food and Shelter-ARRA	12/31/09		10,042
Alabama Business Charitable Trust Fund			
Centsable Energy Program	3/31/09		20,000
Emergency Assistance Program	12/31/08		10,477
Pike County Fatherhood Initiative	TANF-2010-206		2,534
		\$	<u>49,779</u>

NOTE 8 - DUE TO GRANTOR

Amounts due to grantor are from the following programs:

<u>September 30,</u>	<u>Grant ID</u>		<u>2009</u>
Alabama Business Charitable Trust Fund			
Centsable Energy Program	Various	\$	7,550
Emergency Assistance Program	Various		2,855
Emergency Food and Shelter	9/30/09		10
Emergency Food and Shelter-ARRA	9/30/09		91
Low Income Home Energy Assistance Program	LI-010-09		1,060
		\$	<u>11,566</u>

NOTE 9 - DONATED SERVICES, MATERIALS, AND FACILITIES

Significant services, materials, and facilities are donated to the Agency by various individuals and organizations. Donated materials and facilities were recorded at fair market value at the date of donation, and have been included in revenue and expenses for the year. Donated professional services are valued based on the fair market value of the services donated.

Donated non-professional services have not been recognized in the statement of activities because the criteria for recognition under Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, have not been satisfied. This value is based on time sheets maintained on the volunteers, using reasonable rates.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 9 - DONATED SERVICES, MATERIALS, AND FACILITIES (Continued)

Donated materials, facilities, and services per grant are as follows:

	Fatherhood	Pre-K	Head Start	Total
Facilities	\$ 5,600	\$ -	\$ 365,492	\$ 371,092
Professional services	1,234	-	14,583	15,816
Supplies and other	775	-	348,038	348,813
Total recognized in Statement of Activities	7,609	-	728,113	735,722
Non-professional services	2,460	132,774	697,763	832,997
Total donations	\$ 10,069	\$ 132,774	\$ 1,425,876	\$ 1,568,719

NOTE 10 - PARTNERSHIP INVESTMENTS

The Agency is a general partner in Troy Housing Partners, LTD., Ozark Housing Partners, LTD., Heatherton, Ltd., Woodmere, Ltd., Westgate Partners, Inc., and Veranda Partners, Inc. The Agency's investment costs in these partnerships are minimal and are currently valued at \$914. The Agency received \$16,975 in development fees from these partnerships during the year ended September 30, 2009.

NOTE 11 - LEASES

The Agency is a party to various leases all of which are classified as operating leases. Total rent for all leases totaled \$96,438 for the year ended September 30, 2009.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

2010	\$ 52,676
2011	42,585
2012	29,750
2013	17,709
2014	17,709

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description:

The Agency contributes to the Teachers' Retirement System of Alabama, a cost sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

Substantially all employees are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Teachers' Retirement System was established on September 15, 1939 and went into-effect September 30, 1941, under the provisions of Act 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the Code of Alabama 1975, Sections 16-25-1 through 16-25-113, as amended, Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Funding Policy

Employees are required by statute to contribute five percent of their salary to the Teachers' Retirement System. The Agency is required to contribute the remaining amounts necessary to fund the actuarial determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentage of the contributions and the amount of contributions made by the Agency and its employees equal the required contributions for each year as follows:

<i>Fiscal years ended September 30,</i>	2009	2008	2007
Total percentage of covered payroll	25.77%	24.76%	23.06%
Contributions:			
Percentage contributed by employer	20.77%	19.76%	18.06%
Percentage contributed by employees	5.00%	5.00%	5.00%
Contributed by the employer	\$ 375,435	\$ 354,835	\$ 521,340
Contributed by the employees	155,777	150,994	144,336
Total contributions	\$ 531,212	\$ 505,829	\$ 665,676

Organized Community Action Program, Inc.

Notes To Financial Statements

NOTE 13 - COMPENSATED ABSENCES

Due to the policies and procedures adopted by the Board of Directors of the Agency, compensated absences are not recorded as a liability. The compensated absences accrued at September 30, 2009 are as follows:

Sick leave	47,481 hours
Annual leave	8,613 hours

NOTE 14 - LONG-TERM DEBT

Long-term debt consisted of the following:

<i>September 30,</i>	2009
First National Bank of Brundidge - Due in monthly installments of \$1,459, including interest at 6.5%, with payment of remaining principal and accrued interest due October 23, 2015. The note is secured by real estate.	\$ 86,793
Troy Bank and Trust - Due in monthly installments of \$1,471, including interest at 5.75% with payment of remaining principal and accrued interest due November 20, 2016. The note is secured by the central office building.	103,419
Troy Bank and Trust - Due in monthly installments of \$492, including interest at 5.75% with payment of remaining principal and accrued interest due November 20, 2016. The note is secured by a building.	34,632
First National Bank - Due in monthly installments of \$551, including interest at 6.5% with the payment of remaining principal and accrued interest due November 10, 2011. The note is secured by a 2008 Ford Explorer.	13,327
	238,171
Less current maturities	34,088
	\$ 204,083

The maturity of long-term debt by fiscal years is as follows:

Year	Principal
2010	\$ 34,088
2011	36,246
2012	32,885
2013	33,792
2014	35,907
Thereafter	65,253
	\$ 238,171

Interest expense totaled \$15,697 for the year ended September 30, 2009, all of which was charged to operations.

Notes To Financial Statements

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

The Public Education Employee' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act 83-455 of the Alabama Legislature to provide a uniform plan of health insurance for employees and retired employees of state educational institutions which provide instruction at any combination of grades K-14 (collectively eligible employees), and to provide a method for funding the benefits related to the plan. As such, for accounting purposes, it is treated as a multi-employer plan. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Public Employees Health Insurance Board (PEEHIB) members. The PEEHIB is a body corporate for purposes of management of the health insurance plan. All assets of the PEEHIF are held in trust for payment of health insurance benefits.

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost sharing multiple employer defined benefit health care plan established in 2007 under the provisions of Act 2007-16 as an irrevocable trust fund. Constitutional amendment 798 provides further legal authority to the Trust as an irrevocable trust fund. The Trust provides health care benefits to state and local school system retirees. It is also treated as a multi-employer plan for accounting purposes. The assets of the Trust may not be used for any purpose other than to acquire permitted investments, pay administrative expenses and provide post-employment health care benefits to or for retired employees and their dependents. The Legislature has no authority or power to appropriate the assets of the Trust. Responsibility for the general administration and operations of the Trust is vested in its trustees who consist of the PEEHIB members. Active and retiree health insurance benefits are paid through PEEHIF, as described below. Any Trust fund assets used in paying administrative costs and retiree benefits are transferred to and paid from the PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and determines if excess funds are available. If excess funds are determined to be available in the PEEHIF, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust.

The Public Education Employees' Health Insurance Plan (PEEHIP) offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits. Major medical benefits under the basic hospital/medical plan are subject to a lifetime contract maximum of \$1,000,000 for each covered individual.

OCAP paid PEEHIP premiums during the fiscal year in the amount of \$1,428,817. This amount includes certain retiree drug subsidy payments on-behalf of its retired employees. The total of on-behalf payments for the fiscal year ended September 30, 2009 was \$32,205. OCAP records these payments as expenditures.

SUPPLEMENTAL DATA

**Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor No.	Expenditures
U.S. Department of Health and Human Services			
Direct programs			
Head Start Grant No. 04CH-3076/42	93.600	N/A	\$ 3,639,130
Head Start Grant No. 04CH-3076/43	93.600	N/A	1,735,262
ARRA- Head Start Grant No. 04CH-3076/43	93.708	N/A	95,498
			5,469,890
Passed through Alabama Department of Economic and Community Affairs			
Community Services Block Grant	93.569	CS-010-09	630,726
Low Income Home Energy Assistance	93.568	LI-010-09	3,238,705
Low Income Home Energy Assistance	93.568	LIWAP-010-08	49,036
Low Income Home Energy Assistance	93.568	LIWAP-010-09	66,486
			3,984,953
Passed through Alabama Department of Child Abuse and Neglect Prevention			
Fatherhood Grant	93.558	TANF 2009-207	29,617
Fatherhood Grant	93.558	TANF 2010-206	6,216
			35,833
Total U.S. Department of Health and Human Services			9,490,676
U.S. Department of Energy			
Passed through Alabama Department of Economic and Community Affairs			
Weatherization Assistance for Low Income Persons	81.042	DOE-010-08	142,903
Weatherization Assistance for Low Income Persons	81.042	DOE-010-09	53,400
ARRA-Weatherization Assistance for Low Income Persons	81.042	ARRADOE-010-09	101,230
			297,533
Total U.S. Department of Energy			297,533
U.S. Department of Agriculture			
Direct programs			
Housing Preservation Grant	10.433	FY 07	48,125
Housing Preservation Grant	10.433	FY 08	102,110
Passed through State Department of Education			
Child and Adult Care Food Program	10.558	N/A	499,677
			499,677
Total U.S. Department of Agriculture			649,912

-Continued-

Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended September 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor No.	Expenditures
U.S. Department of Homeland Security			
Passed through United Way of America			
Emergency Food and Shelter	97.024	N/A	72,426
ARRA-Emergency Food and Shelter	97.114	N/A	27,958
Total U.S. Department of Homeland Security			100,384
U.S. Department of Housing and Urban Development			
Housing Counseling	14.169	N/A	25,438
Passed through City of Dothan			
ARRA-CDBG Grant	14.253	B-08-MC-01-0010	3,880
Passed through Enterprise Community Partners, Inc.			
Capacity Building 9 Grant	14.252	08SG086	25,000
Total U.S. Department of Housing and Urban Development			54,318
Total Federal Expenditures			\$ 10,592,823

Note: This schedule was prepared on the modified accrual basis of accounting. This differs from the full accrual basis in that expenditures for fixed assets are expensed when incurred, rather than being capitalized and depreciated, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency's federal and state grants.

**Organized Community Action Program, Inc.
Schedule of Support and Expenses - Budget and Actual
Head Start Grant Number 04CH-3076/42
For the Grant Year Ended May 31, 2009**

	Approved Budget	Actual (6/01/08 - 9/30/08)	Actual (10/01/08 - 5/31/09)	Variance (Over) Under
Support				
HHS funds: amount awarded this period	\$ 5,244,126	\$ 1,604,996	\$ 3,639,130	\$ -
Grantee's contributions- in-kind	1,311,032	221,643	1,132,813	(43,424)
Total support	6,555,158	1,826,639	4,771,943	(43,424)
Expenses				
Direct costs				
Personnel	2,256,727	548,403	1,665,714	42,610
Fringe benefits	1,722,619	576,706	1,156,867	(10,954)
Travel	33,050	15,840	25,068	(7,858)
Equipment	52,638	-	52,638	-
Supplies	108,645	61,262	30,078	17,305
Contractual	134,501	65,707	146,541	(77,747)
Other	471,279	182,078	355,953	(66,752)
Indirect cost	464,667	155,000	206,271	103,396
Total expenses	5,244,126	1,604,996	3,639,130	-
Grantee's Share	1,311,032	221,643	1,132,813	(43,424)
Grand Total	6,555,158	1,826,639	4,771,943	(43,424)
Expenses Over Support	\$ -	\$ -	\$ -	\$ -

Organized Community Action Program, Inc.
Schedule of Support and Expenses - Budget and Actual
Head Start Grant Number 04CH-3076/43
For the Four Months Ended September 30, 2009

	Approved Budget	Actual	(Over) Under
Support			
HHS funds: amount awarded this period	\$ 5,577,799	\$ 1,735,262	\$ 3,842,537
Grantee's contributions - in-kind	1,394,450	293,063	1,101,387
Total support	6,972,249	2,028,325	4,943,924
Expenses			
Direct costs			
Personnel	2,456,415	602,668	1,853,747
Fringe benefits	1,731,887	596,304	1,135,583
Travel	20,000	11,457	8,543
Equipment	43,012	-	43,012
Supplies	98,329	93,598	4,731
Contractual	162,831	47,516	115,315
Facilities/Construction	223,135	55,183	167,952
Other	414,190	192,868	221,322
Indirect cost	428,000	135,668	292,332
Total expenses	5,577,799	1,735,262	3,842,537
Grantee's Share	1,394,450	293,063	1,101,387
Grand Total	6,972,249	2,028,325	4,943,924
Support Over Expenses	\$ -	\$ -	\$ -

Organized Community Action Program, Inc.
Schedule of Support and Expenses - Budget and Actual
ARRA-Head Start Grant Number 04SE-3076/01
For the Three Months Ended September 30, 2009

	Approved Budget	Actual	(Over) Under
Support			
HHS funds: amount awarded this period	\$ 371,629	\$ 95,498	\$ 276,131
Grantee's contributions - in-kind	92,907	-	92,907
Total support	464,536	95,498	369,038
Expenses			
Direct costs			
Personnel	68,318	9,117	59,201
Fringe benefits	53,142	2,280	50,862
Travel	4,021	3,500	521
Supplies	21,286	78,701	(57,415)
Contractual	2,100	1,900	200
Other	211,262	-	211,262
Indirect cost	11,500	-	11,500
Total expenses	371,629	95,498	276,131
Grantee's Share	92,907	-	92,907
Grand Total	464,536	95,498	369,038
Support Over Expenses	\$ -	\$ -	\$ -

**Organized Community Action Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Any material weakness (es) identified? yes no
- Any significant deficiencies identified not considered to be material weaknesses? yes none reported

Any noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Any material weakness (es) identified? yes no
- Any significant deficiencies identified not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start
93.708	ARRA-Head Start
93.568	Low Income Home Energy Assistance
81.042	Weatherization Assistance For Low Income Persons
81.042	ARRA-Weatherization Assistance For Low Income Persons
97.024	Emergency Food and Shelter
97.114	ARRA-Emergency Food and Shelter

Dollar threshold used to distinguish between type A and type B programs? \$ 317,785

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statements Findings

No matters were reported.

**Organized Community Action Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009**

Section III – Federal Award Findings and Questioned Costs

Equipment and Real Property Management (Item 09-01)

Head Start CFDA #93.600

Grant No. 04CH-3076/42

Grant No. 04CH-3076/43

U.S. Department of Health and Human Services

Finding - We noted during our audit that the Agency was not properly maintaining property and equipment schedules. There were material corrections that had to be made to the property schedule concerning the amounts of purchased equipment and equipment items missing from the schedule. We physically verified a sample of the property and equipment inventory and did not note any missing items from our test sample.

Criteria - 45CFR Part 74.34(f)(1) requires that recipients of federal funds maintain equipment records that contain the following information: equipment description, identification number, source of the equipment including the award number, whether title vests in the recipient or the federal government, acquisition date and cost, information from which one can calculate the percentage of HHS's share in the cost of the equipment, location and condition of the equipment and the date the information was reported, unit acquisition and ultimate disposition data.

Effect - The lack of adequate property records could result in the misuse or misappropriation of Agency assets.

Recommendation - We recommend that the Agency develop an equipment inventory policy that meets the requirements of 45CFR Part 74.34 (f) (1). We also recommend that a physical inventory be taken at the end of each year and that the equipment inventory be updated accordingly for changes in use, location, condition, etc.

Corrective Action Plan – The agency will update their property and equipment schedules. The schedules will be in compliance with the requirements of 45 CFR Part 74.34 (f) (1). The schedules will include the property identification number, source of equipment including the award number, whether title vests in the Federal Government and percentage owned by HHS or other awarding agency. The schedules will be updated during the year to account for purchases and disposal of property and be reconciled to the general ledger. Acquisitions and disposal of property will be updated on the annual depreciation schedule. A physical inventory will be taken at the end of each fiscal year and updated to account for changes in use, location, and condition. The schedules will be reconciled to the audited financial statements and the 990 tax return annually by the Fiscal Officer. A fiscal employee will be responsible for property under the direction of the Fiscal Officer. The Agency's Financial Procedures Manual will reflect the policy described herein.

MANAGEMENT LETTER

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

In planning and performing our audit of the financial statements of Organized Community Action Program, Inc. (the "Agency") as of and for the year ended September 30, 2009 in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiency in internal control that we considered to be a material weakness.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls, improving operating efficiency, and reporting. The matters are as follows:

09-02 OCAP Development

We noted that OCAP Development transactions were not being recorded in the books of record.

Recommendation – We recommend that these transactions be recorded in the books of record.

09-03 Less than Arm's Length Equipment Lease

We noted that the depreciation and use allowance calculation had not been computed properly. The client had overcharged the lessee more than what was allowed under the cost principles. The amount overcharged was immaterial to the audit.

Recommendation – We recommend that the less than arm's length lease be charged at depreciation plus use allowance.

09-04 Enterprise Community Partners Grant

We noted that revenue and expenses for the Enterprise Community Partners pass-through grant for 25,000 was blended in with the revenue and expenses of the Non Fed Housing Fund.

Recommendation- A separate fund needs to be set up for all federal and state grants.

09-05 Emergency Food and Shelter

We noted that there were two instances where applications were taken prior to the 5 day limit which is set by the organization.

Recommendation- Additional controls need to be put in place to ensure that procedures are properly abided by.

09-06 Disbursements

We noted that there were two instances where invoices were paid without the approval signature of the Executive Director. Prior to September 17, 2009, the Executive Director approved all expenditures prior to payment. Both instances were prior to this date.

Recommendation- Additional procedures need to be put into place to ensure that procedures are properly abided by.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

April 9, 2010