

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**

**VALDOSTA, GEORGIA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2010**

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
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**MARCH 31, 2010**

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# Hudson & NeSmith, CPAs

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Member  
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*Private Companies Practice Section*

Ronald D. Hudson, CPA, CFP®

John A. NeSmith, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Coastal Plain Area Economic  
Opportunity Authority, Inc.  
Valdosta, Georgia 31602

We have audited the accompanying statement of financial position of Coastal Plain Area Economic Authority Opportunity, Inc. (a non-profit organization) as of March 31, 2010, and the related statements of activities, functional expenses, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Coastal Plain Area Economic Opportunity Authority, Inc., as of March 31, 2010, 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 3, 2010, on our consideration of Coastal Plain Area Economic Opportunity Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control

### **Certified Public Accountants and Consultants**

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over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Coastal Plain Area Economic Opportunity Authority, Inc. taken as a whole. Information listed in the table of contents as supporting schedules are presented for supplementary analysis purposes and is not a required part of the basic financial statements. That 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. 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. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Official Code of Georgia 50-20-3*, and is also 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.

A handwritten signature in black ink that reads "Hudson & NeSmith, CPA's". The signature is written in a cursive, slightly slanted style.

Hudson & NeSmith, CPA's  
Sylvester, Georgia  
September 3, 2010

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2010**

<b>ASSETS</b>	
Current Assets	
Cash-Treasury	\$ 1,037,190
Cash-Savings	500,000
Other Receivables	9,896
Due from Grantors	1,078,917
Inventory, at Lower of Cost (FIFO) or Market	24,593
Prepaid Expenses	22,549
Total Current Assets	<u>\$ 2,673,145</u>
Property, Plant and Equipment, at Cost	
Less Accumulated Depreciation	<u>\$ 175,825</u>
Other Assets	
Annuity	<u>\$ 154,800</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,003,770</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts Payable	\$ 306,501
Advance Federal, State, and Local Revenues	840,200
Accrued Salaries	267,906
Accrued Annual Leave	62,822
Other Accrued Liabilities	91,478
<b>TOTAL LIABILITIES</b>	<u>\$ 1,568,907</u>
NET ASSETS	
Unrestricted	<u>\$ 1,434,863</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,434,863</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,003,770</u></u>

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

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED MARCH 31, 2010**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Grants and Contracts	\$ 13,641,174	\$ -	\$ -	\$ 13,641,174
Donated Services, Materials and Facilities	1,728,458	-	-	1,728,458
Investment Return	17,961	-	-	17,961
Local Government Support	25,650	-	-	25,650
Other	91,512	-	-	91,512
Rent	-	-	-	-
Net Assets Released from Restrictions:				
Satisfied Program Restriction	-	-	-	-
<b>Total Revenue, Gains, and Other Support</b>	<b>\$ 15,504,755</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,504,755</b>
<b>EXPENSES AND LOSSES</b>				
Program:				
Community Service	\$ 1,261,368	\$ -	\$ -	\$ 1,261,368
Energy & Weatherization	4,338,695	-	-	4,338,695
Nutrition	733,010	-	-	733,010
Volunteer	1,728,458	-	-	1,728,458
Education	6,346,170	-	-	6,346,170
Other	3,168	-	-	3,168
Support:				
Administration	965,168	-	-	965,168
Agency	65,731	-	-	65,731
Fund Raiser	-	-	-	-
<b>Total Expenses and Losses</b>	<b>\$ 15,441,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,441,768</b>
Increase (Decrease) in Net Assets:				
Change in Net Assets	\$ 62,987	\$ -	\$ -	\$ 62,987
Net Assets at Beginning of Year	\$ 1,371,876	\$ -	\$ -	\$ 1,371,876
Net Assets at End of Year	\$ 1,434,863	\$ -	\$ -	\$ 1,434,863

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

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED MARCH 31, 2010**

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ 62,987
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	14,357
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(400,697)
Inventory	(4,370)
Prepaid Expenses	(18,329)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(19,609)
Deferred Revenue	742,015
Accrued Expenses	106,670
Net Cash Provided (Used) by Operating Activities	<u>483,024</u>
 Cash Flows From Investing Activities	
Acquisitions of Equipment	<u>(58,256)</u>
Net Cash Provided (Used) by Investing Activities	<u>(58,256)</u>
 Net Cash Provided (Used) by Financing Activities	<u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	424,768
 Beginning Cash and Cash Equivalents	<u>1,112,422</u>
Ending Cash and Cash Equivalents	<u>\$ 1,537,190</u>
 Reconciliation of Cash and Cash Equivalents to Statement of Financial Position:	
Cash Classified as Cash - Treasury	1,037,190
Cash Classified as Cash - Savings	500,000
Total Cash and Cash Equivalents	<u>\$ 1,537,190</u>

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

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**STATEMENT OF FUNCTIONAL ACTIVITIES**  
**FOR YEAR ENDED MARCH 31, 2010**

	Community Services	Energy & Weatherization	Nutrition	Volunteer	Education	Other
Salaries	\$ 249,900	\$ 200,654	\$ 184,317	\$ -	\$ 3,767,196	\$ -
Payroll Taxes	24,104	57,503	25,194	-	353,544	-
Fringe	42,587	21,808	77,167	-	885,027	-
Interest Expense	-	-	-	-	-	-
Audit	-	-	-	-	-	-
Board Expense	792	-	-	-	-	-
Computer Expense	6,958	1,558	-	-	49,793	-
Construction	4,588	-	-	-	3,300	-
Contractual	7,131	143,737	-	60	50,363	-
Contractual Cleaning	58	-	-	-	10,366	-
Depreciation	1,425	1,399	-	-	512	-
Dues	-	-	-	-	2,349	-
Energy Assistance	226,651	2,899,032	-	-	-	1,589
Field Trips	-	-	-	320	1,308	-
Food Cost	92,176	27	381,730	-	110	-
Gas & Oil	343	10,401	-	-	67,664	-
Health Screenings	-	10	-	169	1,623	-
In-Kind	-	-	-	1,723,738	-	-
Insurance	2,899	13,371	-	-	40,047	-
Leased	10,397	402	-	-	1,343	-
Materials	800	670,644	-	-	-	-
Misc. Expense	97	-	-	-	1,731	1,360
Other Assistance	489,223	-	-	-	-	219
Parent Activities	-	-	-	186	9,939	-
Pest Control	652	208	-	-	3,329	-
Postage	2,051	-	-	-	87	-
Printing	2,528	81	-	-	19,362	-
Refund to Grantor	-	615	-	-	-	-
Rent	5,095	-	4,745	-	54,300	-
Repair/Maintanance	5,341	3,324	5,922	-	260,465	-
Subscription & Publications	517	417	-	-	4,628	-
Supplies - Office	27,742	4,344	-	-	32,404	-
Supplies - Program	1,533	8,729	53,176	65	201,996	-
Telephone	15,473	4,737	-	-	43,073	-
Tool & Equipment	17,038	281,323	-	-	130,699	-
Training	2,906	2,850	-	3,920	145,251	-
Travel	10,048	8,811	759	-	31,569	-
Utilities	10,315	2,710	-	-	166,672	-
Taxes	-	-	-	-	6,120	-
<b>Total Expenses</b>	<b>\$ 1,261,368</b>	<b>\$ 4,338,695</b>	<b>\$ 733,010</b>	<b>\$ 1,728,458</b>	<b>\$ 6,346,170</b>	<b>\$ 3,168</b>

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



**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**STATEMENT OF FUNCTIONAL ACTIVITIES**  
**FOR YEAR ENDED MARCH 31, 2010**

	Total Programs	Administration	Agency	Fund Raiser	Total Support	Total Expenses
Salaries	\$ 4,402,067	497,376	-	\$ -	\$ 497,376	\$ 4,899,443
Payroll Taxes	460,345	42,505	-	-	42,505	502,850
Fringe	1,026,589	97,625	-	-	97,625	1,124,214
Interest Expense	-	-	-	-	-	-
Audit	-	29,632	-	-	29,632	29,632
Board Expense	792	4,448	27,070	-	31,518	32,310
Computer Expense	58,309	16,727	-	-	16,727	75,036
Construction	7,888	-	-	-	-	7,888
Contractual	201,291	6,920	2,304	-	9,224	210,515
Contractual Cleaning	10,424	885	-	-	885	11,309
Depreciation	3,336	3,005	8,016	-	11,021	14,357
Dues	2,349	272	5,191	-	5,463	7,812
Energy Assistance	3,127,272	1,267	-	-	1,267	3,128,539
Field Trips	1,628	-	-	-	-	1,628
Food Cost	474,043	35	68	-	103	474,146
Gas & Oil	78,408	1,275	-	-	1,275	79,683
Health Screenings	1,802	113	(5)	-	108	1,910
In-Kind	1,723,738	-	-	-	-	1,723,738
Insurance	56,317	4,904	4,512	-	9,416	65,733
Leased	12,142	9,501	-	-	9,501	21,643
Materials	671,444	-	-	-	-	671,444
Misc. Expense	3,188	82,695	13,786	-	96,481	99,669
Other Assistance	489,442	-	-	-	-	489,442
Parent Activities	10,125	-	-	-	-	10,125
Pest Control	4,189	242	36	-	278	4,467
Postage	2,138	10,641	140	-	10,781	12,919
Printing	21,971	2,564	-	-	2,564	24,535
Refund to Grantor	615	1,050	-	-	1,050	1,665
Rent	64,140	59,556	-	-	59,556	123,696
Repair/Maintanance	275,052	1,764	240	-	2,004	277,056
Subscription & Publications	5,562	1,457	100	-	1,557	7,119
Supplies - Office	64,490	33,956	(567)	-	33,389	97,879
Supplies - Program	265,499	567	-	-	567	266,066
Telephone	63,283	13,363	-	-	13,363	76,646
Tool & Equipment	429,060	-	-	-	-	429,060
Training	154,927	4,992	1,200	-	6,192	161,119
Travel	51,187	15,197	277	-	15,474	66,661
Utilities	179,697	19,925	3,363	-	23,288	202,985
Taxes	6,120	709	-	-	709	6,829
<b>Total Expenses</b>	<b>\$ 14,410,869</b>	<b>\$ 965,168</b>	<b>\$ 65,731</b>	<b>\$ -</b>	<b>\$ 1,030,899</b>	<b>\$ 15,441,768</b>

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

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation**

The Coastal Plain Area Economic Opportunity Authority, Inc., was incorporated on April 8, 1966 as a private, non-profit corporation to serve the poor and elderly of the ten counties of the Coastal Plain Area of Georgia. The basic purpose of the agency is to help low-income people achieve self-sufficiency, both economically and as contributing members of their community. To achieve this purpose the agency operates various federal, state and locally funded programs. A description of the programs operated by the agency is provided in the Program Summary Report on pages 66 through 68 of these financial statements.

The Agency is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Public Support, Grants, and Revenue**

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a broad base of contributors as a result of the annual campaign. No allowance for uncollectable promises is provided on management's evaluation of being immaterial to the Agency.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

The agency received the major portion of its operating funds from cost reimbursement grants. These funds are deemed to be earned and reported as revenues when the agency has incurred expenses in accordance with specific requirements of the grants. Amounts received but not yet earned are reported as advances-grantor. Refer to Note 10, for a schedule of advances-grantor as of March 31, 2010.

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

Basis of Presentation

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

Contributions and Pledges Receivable

Contributions and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest (ranging from 5% to 6%) applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at the quoted market value of the securities. Realized and unrealized gains and losses are included in the statement of activities as increases or decreases in the unrestricted class of net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains or losses. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale.

Donated Services, Materials and Facilities

The agency receives various goods and services without charge from local sources. The estimated fair market value of these goods and services are recorded as revenue and expenses in the period in which the goods or services are used by the agency.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Agency to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire the property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted assets to unrestricted net assets at that time.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

Expenses are allocated to program and supporting services on the following bases:

- (a) Management and general expenses are allocated on the basis of periodic time and expense studies.
- (b) Legal expenses are allocated equally between the two areas.
- (c) Personnel expenses are allocated on the basis of direct salaries.
- (d) Building and occupancy costs are allocated on the basis of square footage.
- (e) Depreciation is allocated on the basis of usage of the furniture and equipment.

Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

Promise to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property, Plant, and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

The cost of the property, plant and equipment purchased with grant funds is charged directly to operations in the year of purchase in accordance with grant requirements. The equipment is subsequently marked and inventoried according to federal and/or state regulations. Property, plant and equipment purchased with agency funds is recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset.

Income Tax Status

Coastal Plain Area Economic Opportunity Authority, Inc. is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**Restricted and Unrestricted Revenue**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases 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 and reported in the Statement of Activities as net assets from restrictions.

**NOTE 2 – INVESTMENTS & OTHER ASSETS**

Investments at March 31, 2010, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted Annuity	\$ 154,800	\$ 238,860	\$ 176,847

Investment return consists of the following for the year ended March 31, 2010:

	<u>Unrestricted</u>
Interest	\$17,961
Realized and Unrealized Gains	-0-

**NOTE 3 – PROMISES TO GIVE**

There were no promises to give recorded as of March 31, 2010.

**NOTE 4 – FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS**

At March 31, 2010, the cost and accumulated depreciation of assets in Property, Plant and Equipment were as follows:

<u>Description</u>	<u>Total</u>	<u>Lomax Center</u>	<u>Food Service</u>	<u>IRP</u>	<u>Central Office</u>	<u>Personal Day Care</u>
Buildings & Improvements	\$ 435,102	\$ 199,149	\$ 53,683	\$ -	\$ -	\$ 182,270
Equipment & Furnishings	341,439	6,973	111,707	-	222,759	-
Vehicles	267,187	6,227	155,589	33,779	71,592	-
	<u>1,043,728</u>	<u>212,349</u>	<u>320,979</u>	<u>33,779</u>	<u>294,351</u>	<u>182,270</u>
Accumulated Depreciation	867,903	114,496	300,383	33,779	272,771	146,474
	<u>\$ 175,825</u>	<u>\$ 97,853</u>	<u>\$ 20,596</u>	<u>\$ -</u>	<u>\$ 21,580</u>	<u>\$ 35,796</u>

**COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.**  
**VALDOSTA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

All other property and equipment used by the agency, under the agency's control and purchased with grant funds, is as follows:

Valdosta Daycare	\$	7,166
CSBG		39,577
CACFP		60,183
Weatherization		51,855
Head Start		2,166,405
IRP		37,678
Pre-K – Office of School Readiness		4,235
Housing		428
DOE - ARRA		160,640
		160,640
	\$	2,528,167

The Agency capitalizes all equipment in accordance with federal requirements. Current capitalization guidelines are \$500 for Weatherization, \$1,000 for CSBG, and \$5,000 for Head Start. All other program equipment is capitalized with a cost of \$1,000 or more.

**NOTE 5 – CERTIFICATE OF DEPOSIT**

Certificates of deposit totaling \$500,000 are included in cash in the accompanying financial statements. The certificates bear interest in a range of 1.98% to 2.48% and mature in one year, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**NOTE 6 – CASH FLOW INFORMATION**

Interest paid for 2009-10 was as follows:

Interest	\$ 0
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**NOTE 7 – DEPOSITS**

At year-end, the carrying amount of the Agency's deposits, checking, and saving was \$1,659,779. Of the bank balance, \$400,000 was covered by Federal Depository Insurance for each certificate of deposit maintained at five separate banks. The Agency's checking accounts were also covered by Federal Depository Insurance for \$250,000. The difference of \$1,009,779 was collateralized by Regions Bank with pledge of securities of \$1,009,779.

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**NOTE 8 – DUE FROM GRANTORS**

Due from grantors consists of the following restricted receivables:

HHS - Head Start	\$	461,415
HHS - Head Start ARRA		18,409
DHR-CSBG		143,073
DHR-CSBG ARRA		81,122
Bright from the Start-CACFP		88,879
GEFA-DOE ARRA		229,026
GEFA-WX GPC		34,916
GEFA-WX DOE		14,612
GEFA-WX HHS		7,465
		7,465
	\$	1,078,917

**NOTE 9 – PROPERTY AND EQUIPMENT**

A summary of property and equipment as of March 31, 2010 is as follows:

Buildings and Leasehold Improvements	\$	435,102
Furniture and Equipment		341,439
Vehicles		267,187
Total		1,043,728
Less: Accumulated Depreciation and Amortization		(867,903)
	\$	175,825

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**NOTE 10 - GRANTOR ADVANCES**

Grantor advances are restricted funds provided by the grantor in advance of incurring expenses in their programs which must be repaid if allowable expenses are not incurred before the program year ends, by the agency. Grant advances received and outstanding at March 31, 2010, are as follows:

CSBG - Other Income	\$ 72
LIHEAP - Regular	822,069
Pre-K	15,651
Other	88
CACFP	2,320
	<u>\$ 840,200</u>

**NOTE 11 - CONTINGENCIES**

Use of federal, state, and local grant and contract funds are subject to review and audit by the grantor agencies. Such audit could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. The management believes that the agency will not incur significant losses on possible grant and contract disallowances.

**NOTE 12 - COMMITMENTS**

Operating Leases

The Agency has several non-cancelable operating leases, primarily for various forms of equipment and office space that expire at various dates through August 2013. Those leases generally contain renewal options for periods ranging from three to five years and require the Agency to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for those leases consisted of \$151,753 for the year ended March 31, 2010.

The following is a schedule by years of future minimum rental payments for facilities under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2010.

<u>Year Ending</u> <u>March 31</u>	<u>Minimum</u> <u>Rental Payment</u>
2010	\$ 151,753
2011	147,676
2012	134,380
2013	61,442
2014	22,876
	<u>\$ 518,127</u>



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Employment Agreement

The agency has an employment agreement with its Executive Director, which extends through November 2010. The aggregate commitment under this agreement was approximately \$73,000 at March 31, 2010.

**NOTE 13 – ACCRUED SALARIES**

The Agency accrued all unpaid salaries at the balance sheet date as a liability and an expense. As of March 31, 2010, the amount of accrued salaries was \$267,906.

**NOTE 14 – DONATED SERVICES**

The value of donated services included as contributions in the financial statements and the corresponding expenses for the years ended March 31, 2010, are as follows:

Personnel	\$	44,450
Medical Fees		1,718
Space		1,677,739
Repairs & Maintenance		60
Training		3,970
Field Trips		320
Fatherhood Expense		136
Supplies		65
Total	\$	1,728,458

**NOTE 15 – TAX DEFERRED ANNUITY PLAN**

The Agency has established a tax deferred annuity retirement plan under Internal Revenue Code Section 403(b). The name of the plan is the Retirement Plan for Employees of the Coastal Plain Area Economic Opportunity Authority, Inc. The plan is designed to benefit all eligible employees. To be eligible for participation the employee must have been employed for at least six months and attained age twenty-one. The employer will match the employee's contribution up to 8% maximum of the employee's effective earnings. In addition, an employee may make voluntary contributions of up to 10% of their effective earnings. The total employer contributions for the year were \$118,520.

**NOTE 16 – ANNUAL LEAVE**

All permanent employees are entitled to annual leave, which is a combination of vacation, personal and holiday leave. A total of 6 to 20 days annual leave (depending on length of employment) and 6 to 15 days of sick leave may be earned by each employee annually. An employee can accumulate up to a maximum of 12.5 days annual leave and 40 days sick leave. However, employees are not paid for the accumulated sick

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leave upon retirement or other termination. The Agency's accrued unpaid annual leave at March 31, 2010, was \$62,822. The Agency records sick leave when taken because amounts cannot be reasonably estimated.

**NOTE 17 – FINANCIAL INSTRUMENTS**

**Concentrations of Credit Risk Due to Temporary Cash Investments**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of temporary cash investments. The Agency places its temporary cash investments with five financial institutions.

**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Agency has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. The maximum loss that would have resulted from that risk totaled \$1,009,779 at March 31, 2010 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. Shares of a pool of mortgage-backed securities were pledged as collateral for \$1,009,779 of that excess on March 31, 2010.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

*Cash and cash equivalents*—Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of the Agency's financial instruments at March 31, 2010 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,659,779	\$ 1,659,779

At March 31, 2010, the Agency's uninsured cash balance totaled \$1,009,779. Regions Bank collateralized the uninsured balance with pledge securities in the amount of \$1,009,779.

**NOTE 18 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through September 3, 2010, the date the financial statements were available to be issued.