RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Indianola, Iowa

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (OMB Circular A-133, Single Audit Report)

September 30, 2004

(With Independent Auditor's Reports Thereon)

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Indianola, Iowa

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RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Board of Directors and Officers

Officers

Dave Discher	President
Dave Reed	Vice-President
Beverly Dickerson	Secretary-Treasurer

Board Members

County	Representing Private	Representing Government	Representing Low-Income
Boone	Pat Triska	Dave Reed	Orvil Nelson
Jasper	Jody Elscott	Bill Ward	Jerry Sawin
Marion	Vacant	Bill Shepherd	Bill McDonald
Polk	Eva Howe	Dave Discher	Jerry Harmison
Warren		Marvin Grace	Beverly Dickerson

Management

Central Administrative Office	
Bill Peppmeier	Executive Director
Laura Hudson	Operations Manager/Planner
Richard Oosterhuis	Fiscal Manager
Laverta Foust	Energy Coordinator
Boone County Center	
Joyce O'Tool	County Coordinator
Jasper County Center	
Sue Eldred	County Coordinator
Marion County Center	
Nancy Hulgan	County Coordinator
Polk County Center	
Sharon Brooks	County Coordinator
Warren County Center	
Laurel Cogswell	County Coordinator

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Red Rock Area Community Action Program, Inc. and Affiliate
Indianola, Iowa

We have audited the accompanying Consolidated Statement of Financial Position of Red Rock Area Community Action Program, Inc. (a nonprofit organization) and Affiliate as of September 30, 2004, and the related Consolidated Statements of Activities and Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2003 financial statements, and in our report dated November 21, 2003, we expressed an unqualified opinion on those financial statements.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red Rock Area Community Action Program, Inc. and Affiliate as of September 30, 2004, 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 a report dated November 19, 2004, on our consideration of Red Rock Area Community Action Program, Inc. and Affiliate's internal control over financial reporting and 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 performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is not a required part of the basic financial statements. The additional supporting schedules that follow are presented for purposes of further analysis and also are not a required part of the basic financial statements. Such supplementary 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.

Meriwether, Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

November 19, 2004
West Des Moines, Iowa

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Consolidated Statement of Financial Position

September 30, 2004
(With Comparative Totals for 2003)

	2004			
	Unrestricted	Temporarily Restricted	Total	2003 Total
Assets				
Current Assets				
Cash	$ 177,753	--	177,753	364,947
Receivables	200,009	--	200,009	51,798
Prepaid Expenses	7,133	--	7,133	9,916
Total Current Assets	384,895	--	384,895	426,661
Tenants' Security Deposits Held in Trust - Cash	4,830	--	4,830	4,572
Restricted Deposit - Reserve for Replacements	--	7,000	7,000	5,134
Property and Equipment				
Land	55,820	--	55,820	48,620
Buildings and Improvements	537,080	--	537,080	397,540
Vehicles	50,412	--	50,412	50,412
Furnishings and Equipment	228,883	--	228,883	199,794
	872,195	--	872,195	696,366
Accumulated Depreciation	374,973	--	374,973	337,429
Net Property and Equipment	497,222	--	497,222	358,937
Total Assets	$ 886,947	7,000	893,947	795,304
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	$ 75,624	--	75,624	44,300
Mortgages Payable - Current Portion	12,829	--	12,829	9,946
Accrued Expenses	43,869	--	43,869	22,627
Deferred Revenue	1,660	--	1,660	2,602
Total Current Liabilities	133,982	--	133,982	79,475
Deposit Liabilities - Tenants' Security Deposits	4,320	--	4,320	4,070
Long-Term Debt				
Mortgages Payable	282,744	--	282,744	223,769
Promissory Note	61,600	--	61,600	61,600
Total Long-Term Debt	344,344	--	344,344	285,369
Total Liabilities	482,646	--	482,646	368,914
Net Assets				
Unrestricted				
Designated for Programs and Counties	344,804	--	344,804	354,690
Undesignated	59,497	--	59,497	66,566
Temporarily Restricted	--	7,000	7,000	5,134
Total Net Assets	404,301	7,000	411,301	426,390
Total Liabilities and Net Assets	$ 886,947	7,000	893,947	795,304

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

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Consolidated Statement of Activities and Changes in Net Assets

Year Ended September 30, 2004
(With Comparative Totals for 2003)

	2004			
	Unrestricted	Temporarily Restricted	Total	2003 Total
Support and Revenue				
Government Grants and Contract Revenue	$ 2,271,544	--	2,271,544	2,134,432
Local Public Support	87,762	--	87,762	96,147
Project Income	85,177	--	85,177	77,291
Contributions and Other Income	31,747	--	31,747	8,733
Interest	2,928	6	2,934	2,371
Total Support and Revenue	2,479,158	6	2,479,164	2,318,974
Expenses				
Low Income Home Energy Assistance Program	1,630,508	--	1,630,508	1,498,679
Community Services Block Grant	340,164	--	340,164	343,045
Transportation Program Services	189,018	--	189,018	175,825
Housing Programs	76,462	--	76,462	66,253
County Funds	83,856	--	83,856	57,678
Homeless Shelter Operations Grants Program	12,866	--	12,866	32,501
Emergency Food and Shelter National Board Program	33,587	--	33,587	27,555
Payment Planning Services	--	--	--	26,818
I Care Fund	24,969	--	24,969	23,897
Legal Aid	2,002	--	2,002	19,673
Chore Service Program	11,912	--	11,912	12,658
Emergency Shelter Grants Program	17,583	--	17,583	11,953
Other Programs	49,926	--	49,926	15,397
Undesignated Fund	26,366	--	26,366	11,140
Total Expenses	2,499,219	--	2,499,219	2,323,072
Change in Net Assets Before Capital Additions	(20,061)	6	(20,055)	(4,098)
Capital Additions - Funds Provided for Acquisitions of Capital Assets	4,966	--	4,966	12,079
Change in Net Assets After Capital Additions	(15,095)	6	(15,089)	7,981
Operating Funds Transfers				
Reserve for Replacements - Net	(1,860)	1,860	--	--
Net Assets at Beginning of Year	421,256	5,134	426,390	418,409
Net Assets at End of Year	$ 404,301	7,000	411,301	426,390

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

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

Year Ended September 30, 2004
(With Comparative Totals for 2003)

	2004	2003
Cash Flows from Operating Activities		
Change in Net Assets After Capital Additions	$ (15,095)	7,981
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operations - Depreciation	37,541	35,665
(Increase) Decrease in		
Receivables	(148,211)	43,150
Prepaid Expenses	2,783	(2,536)
Deposits Held in Trust	(258)	(16)
Restricted Deposits	(1,866)	960
Increase (Decrease) in		
Accounts Payable	31,324	19,157
Tenants' Security Deposits	250	--
Accrued Expenses	21,242	(11,550)
Deferred Revenue	(942)	(20,488)
Net Cash Flows from Operating Activities	(73,232)	72,323
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(103,820)	(33,538)
Cash Flows from Financing Activities		
Repayments on Mortgages	(10,142)	(9,244)
Net Cash Flows from Financing Activities	(10,142)	(9,244)
Net Increase (Decrease) in Cash	(187,194)	29,541
Cash Balances - Beginning of Year	364,947	335,406
Cash Balances - End of Year	$ 177,753	364,947
Supplemental Cash Flow Disclosures		
Interest Expense Paid in Cash	$ 9,597	9,532
Non-Cash Investing Activities:		
Purchase of Building Financed through Mortgage	$ 72,000	--

The Organization is exempt from income taxes and, accordingly, no cash payments for income taxes were made.

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

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Notes to Financial Statements

September 30, 2004

1. **Nature of Activities**

Reporting Entity and Principles of Consolidation

Red Rock Area Community Action Program, Inc. (RRACAP) is a private nonprofit corporation that was organized and incorporated in 1976 under Chapter 504A of the Code of Iowa. RRACAP is a community action agency as defined in state law. The mission of the Organization is to provide advocacy, coordination of services, access to other programs and direct services when necessary to meet the basic needs of the economically disadvantaged and others. RRACAP administers programs funded by federal, state, and local agencies for the benefit of eligible participants. RRACAP serves five central Iowa counties. Its main office is located in Indianola, Iowa.

Boone County Opportunity Programs, Inc. (Affiliate) is an Iowa nonprofit corporation managed by Red Rock Community Action Program, Inc. The organization operates the Bright Meadows Housing Project, an eight-unit rental facility in Ogden, Iowa. The Bright Meadows facility provides housing for eligible occupants (elderly or disabled, and low-income) as determined by the U.S. Department of Agriculture's Rural Development regulations. These regulations also govern rent charges and other operating policies of the facility.

This report includes the financial statements of all programs (including general funds) administered by RRACAP and its Affiliate.

The consolidated financial statements include the accounts of Red Rock Area Community Action Program, Inc. and its affiliate, Boone County Opportunity Programs, Inc. as of and for the year ended September 30, 2004. All significant inter-organization transactions have been eliminated.

2. **Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared in accordance with guidelines established for nonprofit organizations by the American Institute of Certified Public Accountants. The following describes the significant accounting policies.

Basis of Accounting

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

Income Taxes

RRACAP and its Affiliate are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 504A of the Code of Iowa. RRACAP and its Affiliate have been determined not to be "private foundations" within the meaning of Section 509A of the Internal Revenue Code.

Financial Statement Presentation and Contributions

The Organization reports financial information in accordance with Statements of Financial Accounting Standards (SFAS) Nos. 117 and 116. SFAS No. 117 requires the Organization to report information regarding its financial position and activities according to three classes of net assets, while SFAS No. 116 requires classification of contributions received as unrestricted, temporarily restricted, or permanently restricted depending on donor restrictions.

Cash

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Receivables

Receivables, comprised primarily of reimbursements from grant award activities, are reported at net realizable value. All amounts are considered collectible and accordingly, no provision for bad debts has been recorded.

Property and Equipment

Use of unrestricted funds for property and equipment acquisitions are accounted for as transfers to the property and equipment fund. Proceeds from the sale of property and equipment assets, if unrestricted, are transferred to unrestricted net assets, or, if restricted, to restricted or temporarily restricted net assets for property and equipment acquisition.

Property and equipment are recorded at cost when purchased or at their fair value when contributed. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Property and equipment acquired with grantor funds is expensed to the appropriate program and capitalized through a direct charge to fund balance.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When required, impairment losses on assets are recognized, based upon the fair value of the asset.

Revenue Recognition

Revenue from grant awards, contracts, and other services are recognized when earned. Revenue from grants and contracts is recognized only to the extent that they are expended in accordance with grantor designation. Any designated revenues which have been received but not expended, are classified as deferred revenue in the liability section of the accompanying Statement of Financial Position. Revenue from other support and donations is recognized when received.

Contributed Services

RRACAP and its Affiliate receive a significant amount of services donated from unpaid volunteers assisting with various programs. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No.116 have not been satisfied.

Allocation of Expenses

The Organization allocates indirect expenses and joint program direct expenses individually to programs at the time of recording based on the estimated benefits to the programs of the cost incurred.

Financial Instruments

The carrying amounts of current assets and liabilities approximate their fair values due to the short-term maturities of these financial instruments. The carrying amounts of mortgages payable and debt issued pursuant to the Company's bank credit agreements approximate fair value because the interest rates on these financial instruments approximate a market rate.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2003, from which the summarized information was derived.

Reclassifications

Certain reclassifications to the 2003 comparative totals have been made to conform to the 2004 presentation.

3. **Principal Programs**

The following is a summary description of the principal programs administered by the Organization:

Housing Programs

The Organization has established a program to provide housing for low-income families. To fund this program, the Organization has received loans, grants and donations to purchase and maintain facilities for low-income housing.

Community Services Block Grant (CSBG)

Funded by the U.S. Department of Health and Human Services through the Iowa Department of Human Rights. The Organization used these funds primarily to cover operating and administrative expenses.

Low Income Home Energy Assistance Program (LIHEAP)

Funded by the U.S. Department of Health and Human Services through the Iowa Department of Human Rights. The program is established to aid low-income families and individuals in paying their household heating costs.

Transportation Program Services

Aging Resources administers Federal Title IIIB Funds. The Heart of Iowa Regional Transit Agency (HIRTA) administers State Transit Assistance Funds, FTA Operating Funds, and FTA Capital Funds. HIRTA has contracted Red Rock Area Community Action Program, Inc. to provide public transit services, which are open to the public without discrimination in Warren County. Other contracted funding includes Warren County Area Empowerment Board and Warren County Mental Health.

Other Programs

A summary of other programs administered by the Organization not specifically set forth on the Statement of Activities is as follows:

Program Title	Expenses
Embrace Iowa	$ 7,816
Hacap Alliant I.E.	36,078
Project H.E.L.P.E.R.	2,168
FaDDS	523
Other Programs	3,341
	$ 49,926

4. **Cash in Banks**

The Organization maintains bank accounts in several local banks; however, frequently the balances of certain banks exceed the maximum amount insured by the Federal Deposit Insurance Corporation of $100,000. At September 30, 2004, the Organization had excess deposits in the amount of $103,698, which were held in a corporate cash management sweep account. Funds in this account are collateralized by U.S. Treasury Notes pledged by the bank.

5. **Support from Governmental Agencies**

The Organization received approximately 92% of its support and revenue from governmental grants. A significant reduction in the level of government funding would have a major effect on the Organization's program activities.

6. **Related Party Transactions and Consolidation of Affiliate**

Red Rock Area Community Action Program, Inc. and Boone County Opportunity Programs, Inc. have board members in common. In addition, Red Rock personnel process all of Boone County Opportunity Programs, Inc.'s accounting transactions. Payments to suppliers and others are originally paid out of Red Rock's discretionary funds and are subsequently reimbursed. Accordingly, Red Rock has substantial control and can significantly influence the management and operating policies of Boone County Opportunity Programs, Inc.

The two Organizations have entered into a management agreement for a three-year period beginning January 1, 2001, under which Red Rock is to receive a monthly fee for each rental unit occupied on the first of the month. The monthly fee is determined by the effective management compensation rate as stated in the Management Agreement between Boone County Opportunity Programs, Inc. and the USDA. At September 30, 2004, the monthly fee was $21 per occupied unit. Although the agreement ended December 31, 2003, the two Organizations have operated under the terms of this agreement during the year ended September 30, 2004, and intend to extend the term of the agreement. For the year ended September 30, 2004, management fees totaled $1,930.

The following are summarized financial information for the two entities.

Combining Statement of Financial Position:

	Red Rock Community Action Program, Inc.	Boone County Opportunity Programs, Inc.	Inter-Organization Eliminations	Consolidated Totals
Current Assets	$ 368,359	17,208	(672)	384,895
Other Assets	3,521	8,309	--	11,830
Net Property and Equipment	305,065	192,157	--	497,222
Total Assets	$ 676,945	217,674	(672)	893,947
Current Liabilities	$ 132,559	2,095	(672)	133,982
Long-Term Liabilities	168,936	179,728	--	348,664
Net Assets	375,450	35,851	--	411,301
Total Liabilities and Net Assets	$ 676,945	217,674	(672)	893,947

Combining Statement of Activities:

	Red Rock Community Action Program, Inc.	Boone County Opportunity Programs, Inc.	Inter-Organization Eliminations	Consolidated Total
Support and Revenue	$ 2,428,405	52,689	(1,930)	2,479,164
Expenses	2,457,531	43,618	(1,930)	2,499,219
Change in Net Assets	(29,126)	9,071	--	(20,055)
Capital Additions	4,966	--	--	4,966
Net Assets - Beginning of Year	399,610	26,780	--	426,390
Net Assets - End of Year	$ 375,450	35,851	--	411,301

The Red Rock Area Community Action Program, Inc. has certain mutual directors with local nonprofit corporations located in Jasper, Marion, Polk, and Warren counties and administers various programs for these corporations.

The local corporations receive funding from their respective counties under service agreement contracts and reimburse Red Rock Area Community Action Program, Inc. for the administration of these agreements. These reimbursements totaled $85,760 during the current year.

7. Receivables

Receivables are summarized as follows:

Due From	Program Activity	Amount
Grant or Program Funds		
Iowa Institute for Community Alliances	Homeless Shelter Operations	$ 9,624
Heart of Iowa Regional Transit Agency	Warren Transportation	2,325
City of Des Moines	Emergency Shelter Grant	1,417
Iowa Department of Human Rights	CSBG	9,381
Iowa Department of Human Rights	LIHEAP	125,909
Other Receivables by Program Activity		
Undesignated Fund		
Marion County		19,016
Miscellaneous		231
Warren Transportation		12,636
CSBG		2,910
Chore		92
County Funds		16,468
		$ 200,009

8. **Deposits**

Deposits Held in Trust - Cash collected on tenants' security deposits is required to be deposited into a separate account and is unavailable for operating purposes.

Restricted Deposits - In accordance with provisions of the USDA Rural Development regulations, the Organization is required to deposit cash into restricted accounts to be used for replacement and upkeep of the building and furnishings. The amount to be deposited is calculated based on the monthly rental income of the facility.

9. **Property and Equipment**

Property and equipment are summarized as follows:

Type of Equipment	Cost	Depreciation Expense	Accumulated Depreciation	Undepreciated Cost
Program Equipment				
CSBG				
Office Equipment	$ 17,876	2,248	10,904	6,972
LIHEAP				
Office Equipment	78,425	4,671	74,223	4,202
Transportation				
Vans and Related Equipment	54,349	2	54,301	48
Chore				
Yard Equipment	5,768	368	4,436	1,332
Emergency Shelter Grants Program				
Office Equipment	2,668	--	2,668	--
Total Program Equipment	159,086	7,289	146,532	12,554
Low Income Housing				
Land	10,000	--	--	10,000
Buildings and Improvements	238,566	13,470	121,272	117,294
Furnishings	4,807	455	3,641	1,166
	253,373	13,925	124,913	128,460
Transitional Housing				
Land	2,000	--	--	2,000
House	11,687	--	11,687	--
House Renovation	9,724	538	8,180	1,544
	23,411	538	19,867	3,544
Bright Meadows Housing				
Land	36,620	--	--	36,620
Apartment Buildings	150,599	5,408	19,319	131,280
Furnishings	28,894	2,278	4,637	24,257
	216,113	7,686	23,956	192,157
General Agency and Counties				
Land	7,200	--	--	7,200
Building and Improvements	126,504	1,055	1,055	125,449
Furnishings and Equipment	86,508	7,048	58,650	27,858
	220,212	8,103	59,705	160,507
Total Agency	$ 872,195	37,541	374,973	497,222

The program equipment and portions of the housing property were acquired with grant funds. Accordingly, the corresponding grantors retain a reversionary interest in such assets.

10. **Deferred Revenue**

Amounts received and deferred to future periods are as follows:

Program Title	Amount
I Care Fund	$ 792
Emergency Food and Shelter National Board Program	718
Project H.E.L.P.E.R.	135
Recare Midland	15
	$ 1,660

11. **Long-Term Debt and Interest Credit and Rental Assistance Agreements**

On September 30, 2004, notes and mortgages payable are summarized as follows:

Lender	Date Made	Date Due	Balance	Interest Rate	Repayment Basis
Commercial Federal Mortgage Corporation Boone, Iowa	03/15/95	06/06/07	$ 44,605	7.25%	$1,074 monthly applied first to interest then principal. $16,322 balloon payment due on 6/6/07.
Iowa Department of Economic Development Des Moines, Iowa	12/27/94	12/31/12	61,600	--%	$61,600 balloon payment due 12/31/12.
Community Bank of Boone Boone, Iowa	06/18/04	07/01/24	71,804	5.25%	$486 monthly applied first to interest then to principal.
U.S. Department of Agriculture	12/14/00	12/14/34	125,492	10.75%	$1,170 monthly with $801 subsidized for a net monthly payment of $369.
U.S. Department of Agriculture	12/14/00	12/14/34	8,571	11.875%	$287 monthly with $191 subsidized for a net monthly payment of $96.
U. S. Department of Agriculture	12/19/00	12/19/30	45,101	7.375%	$87 monthly with $62 subsidized for a net monthly payment of $25.
			357,173		
Less Amount Classified as Current			12,829		
			$ 344,344		

Assets mortgaged on the Commercial Federal and Iowa Department of Economic Development loans are comprised of land and apartment buildings acquired in 1995 at a cost of $190,900. Assets mortgaged on the Boone Community Bank loan consist of land and a building acquired in June 2004 at a cost of $72,000.

Promissory notes payable to the U.S. Department of Agriculture are secured by real estate mortgages covering the Bright Meadows Housing Project. The USDA has also provided an Interest Credit and Rental Assistance Agreement for each note.

Under the terms of these agreements, the USDA provides certain amounts as rental assistance and mortgage note payment subsidies each month, provided the Organization continues to operate the Project for the benefit of eligible tenants within the program guidelines. Rental assistance is provided for the difference between the tenant contribution and a predetermined amount per rental unit. Mortgage note payment subsidies of a fixed amount are credited to the borrower's account when each monthly note payment is made.

The Organization receives a monthly payment from the USDA for rental assistance less the Organization's net monthly note payments due. In future years, as the mortgage notes are amortized over time, the fixed payment subsidies will apply to note principal as well as interest.

Interest expense for the year ended September 30, 2004, totaled $22,521.

Scheduled repayments on long-term debt are summarized as follows:

	Total	Commercial Federal Mortgage Corporation	Community Bank of Boone	Iowa Department of Economic Development	U.S Department of Agriculture
2005	$ 12,829	9,978	2,115	--	736
2006	13,770	10,725	2,230	--	815
2007	14,781	11,529	2,350	--	902
2008	15,840	12,373	2,467	--	1,000
2009	3,717	--	2,609	--	1,108
Thereafter	296,236	--	60,033	61,600	174,603
	$ 357,173	44,605	71,804	61,600	179,164

12. **Temporarily Restricted Net Assets**

In accordance with provisions of the USDA Rural Development Regulations, certain amounts deposited in a separate bank account are restricted for replacement and upkeep of buildings and furnishings. Because the USDA must approve disbursements from these funds, these amounts are recorded as temporarily restricted net assets.

13. **Lease Commitments**

The Organization leases administrative offices in several counties served as well as office equipment. Most leases are written for one-year periods with renewal options. At September 30, 2004, the Organization had the following lease with terms in excess of one year:

	Commencement	Term	Payment
1009 South Jefferson, Indianola	10/01/04	10 Years	$1,210 Monthly

In addition to the monthly lease payments, the Organization is required to pay an additional $1.45 per square foot to cover estimated operating expenses for common area maintenance, property taxes and insurance. If the actual cost of the annual operating expenses exceeds the estimated amount, the lessor will adjust the estimated operating expenses on an annual basis up to a maximum of 12.5% per year. At September 30, 2004, the monthly adjusted payment was $1,500 for rent and operating expenses.

The future minimum annual lease payments are summarized as follows at September 30, 2004:

2005	$ 14,520
2006	14,520
2007	14,520
2008	14,520
2009	14,520
Thereafter	72,600
	$ 145,200

Rent expense for the year ended September 30, 2004, totaled $37,095.

14. **Employee Tax Sheltered Annuity Policies**

The Organization has purchased annuity policies from National Western Life Insurance Company and Massachusetts Mutual Life Insurance Company, on behalf of its employees for retirement benefits.

The Organization's contributions totaled $0 and employee contributions totaled $7,105 during the year ended September 30, 2004.

15. **Iowa Public Employees Retirement System**

The Organization contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information.

Plan members are required to contribute 3.70% of their annual covered salary and the Organization is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Organization's contribution to IPERS for the year ended September 30, 2004, was $27,672, equal to the required contribution for the year.

16. **Compensated Absences**

The Organization allows for the accrual and accumulation of unused vacation time of its employees and the payment for such vacation upon termination of employment. The unused vacation at the year-end date is accrued as a liability on the financial statements. Employees vested additional unused vacation time on October 1, 2004. The liability will be recorded to the Organization's financial statements in the upcoming fiscal year.

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OFFICES AT

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1307 2ND STREET, PERRY, IOWA 50220

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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
Red Rock Area Community Action Program, Inc. and Affiliate
Indianola, Iowa

We have audited the financial statements of Red Rock Area Community Action Program, Inc. (a nonprofit organization) and Affiliate as of and for the year ended September 30, 2004, and have issued our report thereon dated November 19, 2004. 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 internal controls of Red Rock Area Community Action Program, Inc. and Affiliate over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Red Rock Area Community Action Program, Inc. and Affiliate 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 that are required to be reported under Government Auditing Standards.

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

Meriwether Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

November 19, 2004
West Des Moines, Iowa

MERIWETHER, WILSON AND COMPANY, P.L.C.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Red Rock Area Community Action Program, Inc. and Affiliate
Indianola, Iowa

Compliance

We have audited the compliance of Red Rock Area Community Action Program, Inc. (a nonprofit organization) and Affiliate 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, 2004. The major federal program of Red Rock Area Community Action Program, Inc. and Affiliate is 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 its major federal program is the responsibility of Red Rock Area Community Action Program, Inc. and Affiliate. Our responsibility is to express an opinion on the compliance of Red Rock Area Community Action Program, Inc. and Affiliate 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 Nonprofit 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 compliance of Red Rock Area Community Action Program, Inc. and Affiliate with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the compliance of Red Rock Area Community Action Program, Inc. and Affiliate with those requirements.

In our opinion, Red Rock Area Community Action Program, Inc. and Affiliate complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2004.

Internal Control over Compliance

The management of Red Rock Area Community Action Program, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the internal controls of Red Rock Area Community Action Program, Inc. and Affiliate over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Meriwether, Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

November 19, 2004
West Des Moines, Iowa

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Schedule of Findings and Questioned Costs

Year Ended September 30, 2004

Summary of Auditor's Results

1. We have issued an unqualified opinion in our report on the consolidated financial statements of Red Rock Area Community Action Program, Inc. and Affiliate as of and for the year ended September 30, 2004.

2. No reportable conditions relating to the audit of the financial statements are reported in the auditor's report on compliance and on internal control over financial reporting.

3. The results of our audit disclosed no instances of noncompliance that were considered material to the consolidated financial statements and would require reporting in accordance with Government Auditing Standards.

4. No reportable conditions relating to the audit of the major federal award programs are reported in the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

5. We have issued an unqualified opinion in our report on compliance for major programs for the year ended September 30, 2004.

6. The results of our audit disclosed no audit findings, which we are required to report under Government Auditing Standards or OMB Circular A-133.

7. The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

8. Red Rock Area Community Action Program, Inc. and Affiliate received major federal awards as defined by OMB A-133 during the year ended September 30, 2004. We have identified the following major programs:

Federal Grant	Grant Number	CFDA Number	Expenditures
U.S. Department of Health and Human Services			
Low Income Home Energy Assistance Program	04-12-U	93.568	$ 1,625,837
Community Services Block Grant	04-12-CU	93.568	337,916
			$ 1,963,753

9. Red Rock Area Community Action Program, Inc. and Affiliate did qualify as a low-risk auditee.

Findings Related to the Financial Statements

None

Findings and Questioned Costs Related to Federal Awards

None

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Schedule of Expenditures of Federal Awards

October 1, 2003 through September 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant or Award Number
U.S. Department of Agriculture	
Rural Rental Housing Loans	N/A
Rural Rental Housing Loans - Payment Subsidies	N/A
Rural Rental Assistance Payments	N/A
U.S. Department of Health and Human Services	
Iowa Department of Human Rights	
Community Services Block Grant	CSBG-04-12-CU
Low Income Home Energy Assistance Program	LIHEAP-04-12-U
FaDSS Grant Program	N/A
Aging Resources	
Transportation Program Title IIIB	N/A
Transportation Program Title IIIB	N/A
U.S. Department of Transportation	
Iowa Department of Transportation/Heart of Iowa Regional Transit Agency	
Federal Transit Non-Urban Operating Grant	N/A
Federal Transit Non-Urban Operating Grant	N/A
Department of Homeland Security	
United Way of America	
Emergency Food and Shelter National Board Program	
Boone County	22-2862-00
Jasper County	22-2948-00
Marion County	22-2978-00
Polk County	22-3006-00
Warren County	22-3040-00
U.S. Department of Housing and Urban Development	
Iowa Department of Economic Development	
City of Des Moines: Emergency Shelter Grant	ESGP03-04
City of Des Moines: Emergency Shelter Grant	ESGP04-05
Total Federal Awards	

*Catalog of Federal Domestic Assistance

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Schedule of Expenditures of Federal Awards

October 1, 2003 through September 30, 2004

Federal CFDA* Number	Period of Grant	Grant or Award Amount		Revenue and Expenses	
10.415	10/01/02-09/30/03	$ 179,164	Loans	$ 179,164	
10.415	10/01/02-09/30/03	12,653		12,653	
				191,817	
10.427	10/01/02-09/30/03	15,453		15,453	
93.569	10/01/03-09/30/04	337,916		337,916	**
93.568	10/01/03-09/30/04	1,632,773		1,625,837	**
93.558	07/01/03-06/30/04	2,800		523	
93.044	07/01/03-06/30/04	20,000		15,000	
93.044	07/01/04-06/30/05	20,000		5,659	
				20,659	
20.509	07/01/03-06/30/04	21,446		26,087	
20.509	07/01/04-06/30/05	24,284		8,764	
				34,851	
97.024	10/01/03-09/30/04	6,756		6,346	
97.024	10/01/03-09/30/04	3,717		3,717	
97.024	10/01/03-09/30/04	7,544		7,979	
97.024	10/01/03-09/30/04	10,525		10,525	
97.024	10/01/03-09/30/04	5,020		5,020	
				33,587	
14.231	07/01/03-06/30/04	18,050		16,166	
14.231	07/01/04-06/30/05	17,000		1,417	
				17,583	
				$ 2,278,226	

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC. AND AFFILIATE

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2004

Note 1 – Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Red Rock Area Community Action Program, Inc. and Affiliate 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 Nonprofit Organizations. Some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 – Loans Outstanding
The accompanying Schedule of Expenditures of Federal Awards includes the following loans, for which the federal government imposes continuing compliance requirements:

U.S. Department of Agriculture

Farmers Home Administration Promissory Notes:

Case No.	Balance
16-08-25615301 (10.75%)	$ 125,492
16-08-25615301 (11.875%)	8,571

Rural Development Multiple Family Housing Promissory Note:

Case No.	
16-08-421505123	45,101
	$ 179,164

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Financial Position

September 30, 2004

	Total	Total	Community Services Block Grant	Low Income Home Energy Assistance Program	Transportation Program Services
Assets					
Cash	$ 164,728	(88,796)	6,611	(115,938)	21,444
Receivables	200,681	164,294	12,291	125,909	14,961
Prepaid Expenses	6,471	2,269	2,269	--	--
Property and Equipment	656,082	--	--	--	--
Accumulated Depreciation	(351,017)	--	--	--	--
Total Assets	$ 676,945	77,767	21,171	9,971	36,405
Liabilities and Net Assets					
Liabilities					
Accounts Payable	$ 77,957	15,630	8,505	1,109	4,495
Mortgage Payable	178,009	--	--	--	--
Accrued Expenses	43,869	22,269	12,666	8,862	--
Deferred Revenue	1,660	1,660	--	--	--
Total Liabilities	301,495	39,559	21,171	9,971	4,495
Net Assets	375,450	38,208	--	--	31,910
Total Liabilities and Net Assets	$ 676,945	77,767	21,171	9,971	36,405

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Financial Position

September 30, 2004

	Designated Program Funds				
I Care Fund	Project H.E.L.P.E.R.	Emergency Food and Shelter National Board Program	Chore Service Program	Recare Midland	Emergency Shelter Grant
792	299	897	(3,175)	15	(676)
--	--	--	92	--	1,417
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
792	299	897	(3,083)	15	741
--	--	179	979	--	--
--	--	--	--	--	--
--	--	--	--	--	741
792	135	718	--	15	--
792	135	897	979	15	741
--	164	--	(4,062)	--	--
792	299	897	(3,083)	15	741

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Financial Position - Continued

September 30, 2004

	Designated Program Funds			
	Homeless Shelter Operations Grants Program	HACAP Alliant I.E.	Operation Roundup	Hunger Hike
Assets				
Cash	$ (9,261)	8,382	545	1,269
Receivables	9,624	--	--	--
Prepaid Expenses	--	--	--	--
Property and Equipment	--	--	--	--
Accumulated Depreciation	--	--	--	--
Total Assets	$ 363	8,382	545	1,269
Liabilities and Net Assets				
Liabilities				
Accounts Payable	$ 363	--	--	--
Mortgage Payable	--	--	--	--
Accrued Expenses	--	--	--	--
Deferred Revenue	--	--	--	--
Total Liabilities	363	--	--	--
Net Assets	--	8,382	545	1,269
Total Liabilities and Net Assets	$ 363	8,382	545	1,269

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Financial Position - Continued

September 30, 2004

Property and Equipment Funds					Local Funds		
	Housing Programs						
Total	Transitional Housing	Low Income Housing	Program	General Agency	Total	County Funds	Undesignated Fund
65,350	7,163	58,187	--	--	188,174	143,883	44,291
--	--	--	--	--	36,387	16,468	19,919
--	--	--	--	--	4,202	--	4,202
497,839	23,411	253,374	159,086	61,968	158,243	158,243	--
(347,537)	(19,867)	(124,913)	(146,532)	(56,225)	(3,480)	(3,480)	--
215,652	10,707	186,648	12,554	5,743	383,526	315,114	68,412
3,804	300	3,504	--	--	58,523	37,880	20,643
106,205	--	106,205	--	--	71,804	71,804	--
191	--	191	--	--	21,409	4,286	17,123
--	--	--	--	--	--	--	--
110,200	300	109,900	--	--	151,736	113,970	37,766
105,452	10,407	76,748	12,554	5,743	231,790	201,144	30,646
215,652	10,707	186,648	12,554	5,743	383,526	315,114	68,412

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Activities

Year Ended September 30, 2004

	Total	Total	CSBG	LIHEAP	Transportation Program Services
Support and Revenue					
Iowa Department of Human Rights	$ 1,966,085	1,966,085	337,916	1,625,837	--
Iowa Department of Economic Development	30,449	30,449	--	--	--
Heart of Iowa Regional Transit Agency	66,256	66,256	--	--	66,256
County Funding	27,897	27,897	--	--	27,897
Winifred Law Opportunity Center, Inc.	41,511	41,511	--	--	41,511
Aging Resources	27,623	27,623	--	--	27,623
Federal Emergency Management Agency	33,587	33,587	--	--	--
MidAmerican Energy	32,965	32,965	--	--	--
Iowa Department of Public Health	7,180	7,180	--	--	--
Other Agencies	9,885	9,885	--	--	--
Project Income	68,172	31,730	--	--	29,999
Interest	2,856	18	--	--	18
Local Public Support	87,762	2,002	--	--	--
Donations and Other	26,177	9,090	--	--	6,710
Total Support and Revenue	2,428,405	2,286,278	337,916	1,625,837	200,014
Expenses	2,457,531	2,305,246	337,916	1,625,837	189,016
Excess (Deficiency) of Support and Revenue over Expenses Before Capital Additions	(29,126)	(18,968)	--	--	10,998
Capital Additions - Grant Funds Provided for Acquisition of Capital Assets	4,966	4,966	2,620	1,330	49
Transfers					
Property and Equipment Acquisitions Paid from Current Funds	--	(4,966)	(2,620)	(1,330)	(49)
Fund Balances - Beginning of Year	399,610	57,176	--	--	20,912
Fund Balances - End of Year	$ 375,450	38,208	--	--	31,910

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Activities

Year Ended September 30, 2004

Designated Program Funds								
I Care Fund	Embrace Iowa	Project H.E.L.P.E.R.	Legal Aid	Emergency Food and Shelter National Board Program	Chore Service Program	FaDSS Grant Program	Emergency Shelter Grant	Homeless Shelter Operations Grants Program
--	--	2,332	--	--	--	--	--	--
--	--	--	--	--	--	--	17,583	12,866
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	33,587	--	--	--	--
24,969	7,816	--	--	--	--	--	--	--
--	--	--	--	--	7,180	--	--	--
--	--	--	--	--	--	523	--	--
--	--	--	--	--	1,731	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	2,002	--	--	--	--	--
--	--	--	--	--	380	--	--	--
24,969	7,816	2,332	2,002	33,587	9,291	523	17,583	12,866
24,969	7,816	2,168	2,002	33,587	11,544	523	17,583	12,866
--	--	164	--	--	(2,253)	--	--	--
--	--	--	--	--	967	--	--	--
--	--	--	--	--	(967)	--	--	--
--	--	--	--	--	(1,809)	--	--	--
--	--	164	--	--	(4,062)	--	--	--

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Activities - Continued

Year Ended September 30, 2004

	HACAP Alliant I.E.	Share The Warmth	Operation Roundup	Hunger Hike	Indianola Share	Recare Midland
Support and Revenue						
Iowa Department of Human Rights	$ --	--	--	--	--	--
Iowa Department of Economic Development	--	--	--	--	--	--
Heart of Iowa Regional Transit Agency	--	--	--	--	--	--
County Funding	--	--	--	--	--	--
Winifred Law Opportunity Center, Inc.	--	--	--	--	--	--
Aging Resources	--	--	--	--	--	--
Federal Emergency Management Agency	--	--	--	--	--	--
MidAmerican Energy	--	--	--	--	180	--
Iowa Department of Public Health	--	--	--	--	--	--
Other Agencies	8,802	--	--	--	--	560
Project Income	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Local Public Support	--	--	--	--	--	--
Donations and Other	--	700	--	1,300	--	--
Total Support and Revenue	8,802	700	--	1,300	180	560
Expenses	36,078	825	--	1,776	180	560
Excess (Deficiency) of Support and Revenue over Expenses Before Capital Additions	(27,276)	(125)	--	(476)	--	--
Capital Additions - Grant Funds Provided for Acquisition of Capital Assets	--	--	--	--	--	--
Transfers						
Property and Equipment Acquisitions Paid from Current Funds	--	--	--	--	--	--
Fund Balances - Beginning of Year	35,658	125	545	1,745	--	--
Fund Balances - End of Year	$ 8,382	--	545	1,269	--	--

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Combining Statement of Activities - Continued

Year Ended September 30, 2004

Property and Equipment Funds					Local Funds		
	Housing Programs						
Total	Transitional Housing	Low Income Housing	Program	General Agency	Total	County Funds	Undesignated Fund
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
36,442	3,200	33,242	--	--	--	--	--
936	--	936	--	--	1,902	--	1,902
--	--	--	--	--	85,760	85,760	--
--	--	--	--	--	17,087	15,000	2,087
37,378	3,200	34,178	--	--	104,749	100,760	3,989
46,977	3,176	31,598	7,289	4,914	105,308	87,045	18,263
(9,599)	24	2,580	(7,289)	(4,914)	(559)	13,715	(14,274)
--	--	--	--	--	--	--	--
2,679	--	--	5,299	(2,620)	2,287	2,287	--
112,372	10,383	74,168	14,544	13,277	230,062	185,142	44,920
105,452	10,407	76,748	12,554	5,743	231,790	201,144	30,646

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Community Services Block Grant
Contract No. CSBG 04-12-CU
(Contract Period 10/1/03 - 9/30/04)

Cost Category	Approved Budget	Actual Expenses 10/1/03 - 9/30/04
Personnel		
Salaries and Wages	$ 197,000	199,213
Fringe Benefits	89,730	90,706
	286,730	289,919
Travel		
Staff	4,500	3,618
Space Costs		
Rental	7,000	6,280
Utilities	2,200	2,300
Insurance	2,000	3,080
Building Maintenance	500	548
	11,700	12,208
Equipment Costs		
Purchase, Rental, and Maintenance	4,440	3,963
Co-Funded Programs	6,000	4,000
Other Costs		
Telephone	6,296	8,152
Printing and Postage	3,500	4,394
Publications and Dues	2,000	2,989
Registration Fees	4,000	174
Bonding	500	390
Audit	4,500	4,500
Consumable Supplies	2,000	1,881
Personnel Training and Miscellaneous	1,750	1,728
	24,546	24,208
	$ 337,916	337,916
Grant Funds Provided for Acquisition of Equipment		(2,620)
Total		335,296

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Low Income Home Energy Assistance Program
Contract No. 04-12-U
(Contract Period 10/1/03 - 9/30/04)

Cost Category	Approved Budget	Actual Expenses 10/1/03 - 9/30/04
Assistance		
Regular Assistance	$ 1,285,604	1,282,089
Energy Crisis Intervention	73,095	70,214
Summer Fuel Delivery	118,400	118,400
Client Services	33,760	33,760
Total Assistance	1,510,859	1,504,463
Administration		
Staff Salaries	56,476	56,476
Fringe Benefits	30,097	30,097
Building Space and Utilities	11,728	11,728
Material and Supplies	1,072	1,072
Telephone	4,103	4,103
Travel	187	187
Postage	3,213	3,213
Printing and Copying	912	912
Contracted Services	6,000	6,000
Audit	5,000	5,000
Equipment - Lease, Maintenance, and Purchase	2,008	2,008
Other Costs	578	578
Total Administration	121,374	121,374
Total	$ 1,632,233	1,625,837
Grant Funds Provided for Acquisition of Equipment		(1,330)
Total		1,624,507

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Heart of Iowa Regional Transit Agency

Schedule of Expenses Compared to Budget

Transportation Program Services - Warren County
(Contract Period 7/1/04 - 6/30/05)

Cost Category	Approved Budget	Actual Expenses 7/1/04 - 9/30/04
Salaries and Wages	$ 108,870	26,729
Fringe Benefits	22,318	7,288
Fuel	20,150	6,590
Maintenance and Repair	26,650	6,306
Radio Maintenance	750	349
Vehicle Insurance	12,845	2,342
Audit	600	--
Travel, Training, and Supplies	500	19
Telephone	900	--
Drug Testing	550	--
Capital Replacement	1,828	--
Miscellaneous	300	285
Total	$ 196,261	49,908
Grant Funds Provided for the Acquisition of Equipment		(49)
Total		49,859

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Heart of Iowa Regional Transit Agency

Schedule of Expenses Compared to Budget

Transportation Program Services - Warren County
(Contract Period 7/1/03 - 6/30/04)

Cost Category	Approved Budget	Actual Expenses Total	10/1/03 - 6/30/04	7/1/03 - 9/30/03
Salaries and Wages	$ 107,976	105,281	79,695	25,586
Fringe Benefits	22,675	22,264	17,070	5,194
Fuel	17,160	22,538	17,641	4,897
Maintenance and Repair	19,650	17,321	9,112	8,209
Radio Maintenance	500	1,140	607	533
Vehicle Insurance	10,300	15,771	13,804	1,967
Audit	600	612	612	--
Travel, Training, and Supplies	500	228	187	41
Telephone	900	358	225	133
Drug Testing	750	--	--	--
Miscellaneous	500	350	155	195
Total	$ 181,511	185,863	139,108	46,755

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
MidAmerican Energy Company

Schedule of Expenses

I Care Fund
October 1, 2003 through September 30, 2004

Cost Category	Actual Expenses 10/1/03 to 9/30/04
I Care Utility Assistance	$ 23,805
Administration	1,164
Total	$ 24,969

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Iowa Department of Human Rights

Schedule of Expenses

Project H.E.L.P.E.R.
(Contract Period 10/1/03 - 9/30/04)

Cost Category	Amount
Heating Bills for Elderly and Low Income Customers of Peoples Natural Gas	$ 2,168

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
United Way of America

Schedule of Expenses

Emergency Food and Shelter National Board Program
(Contract Period 10/1/03 - 9/30/04)

	Food	Shelter	Utilities	Administrative	Total
Warren County RRACAP	$ --	1,919	3,001	100	5,020
Polk County RRACAP	--	4,065	6,460	--	10,525
Marion County RRACAP	1,435	3,500	2,893	151	7,979
Boone County RRACAP	--	1,780	4,431	135	6,346
Jasper County RRACAP	--	--	3,643	74	3,717
Total	$ 1,435	11,264	20,428	460	33,587

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Iowa Department of Public Health
Warren County Board of Supervisors

Schedule of Expenses Compared to Budget

Chore Service Program

(Contract Period 7/1/04 - 6/30/05)

Cost Category	Approved Budget	Actual Expenses 7/1/04 - 9/30/04
Salaries	$ 6,930	2,450
Fringe and Taxes	1,315	414
Mileage	800	308
Office Supplies, Postage and Miscellaneous	125	27
Other Supplies	250	97
Equipment Purchase/Rental/ Repair/Maintenance	580	1,045
	$ 10,000	4,341
Grant Funds Provided for Acquisition of Equipment		(967)
		3,374

(Contract Period 7/1/03 - 6/30/04)

Cost Category	Approved Budget	Actual Expenses Total	10/1/03 - 6/30/04	7/1/03 - 9/30/03
Salaries	$ 8,940	7,965	5,297	2,668
Fringe and Taxes	1,655	1,466	946	520
Mileage	1,017	1,068	664	404
Office Supplies, Postage and Miscellaneous	145	--	--	--
Other Supplies	250	191	129	62
Equipment Purchase/Rental/ Repair/Maintenance	960	375	167	208
	$ 12,967	11,065	7,203	3,862

SEE INDEPENDENT AUDITOR'S REPORT

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Mid-Iowa Community Action, Inc.

Schedule of Expenses Compared to Budget

FaDSS Program

(Contract Period 7/1/03 - 6/30/04)

	Approved Budget	Actual Expenses Total	10/1/03 - 6/30/04	7/1/03 - 9/30/03
Rent	$ 2,400	1,100	500	600
Printing	400	35	23	12
Total	$ 2,800	1,135	523	612

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Iowa Department of Economic Development

Schedule of Expenses Compared to Budget

Homeless Shelter Operations Grants Program

Contract No. 05-II-91001
(Contract Period 7/1/04 - 6/30/05)

Cost Category	Approved Budget	Actual Expenses 7/1/04 - 9/30/04
Homeless Prevention	$ 22,500	9,630

Contract No. 03-II-91001
(Contract Period 7/1/03 - 6/30/04)

Cost Category	Approved Budget	Actual Expenses		
		Total	10/1/03 - 6/30/04	7/1/03 - 9/30/03
Homeless Prevention	$ 18,050	18,050	3,236	14,814

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenses

October 1, 2003 through September 30, 2004

Low Income Housing - Greene Apartments

Expense Classification	Amount
Depreciation	$ 13,925
Maintenance and Supplies	5,495
Utilities	6,131
Interest	3,563
Insurance	2,054
Miscellaneous	74
Audit	356
Total	$ 31,598

Transitional Housing

Expense Classification	Amount
Depreciation	$ 538
Utilities	470
Building Insurance	223
Building Maintenance	1,945
Total	$ 3,176

RED ROCK AREA COMMUNITY ACTION PROGRAM, INC.
Local Funds

Schedule of Changes in Fund Balances

October 1, 2003 through September 30, 2004

Description	Total	Discretionary	County				
			Warren	Marion	Polk	Jasper	Boone
Fund Balance - Beginning of Year	$ 230,062	44,920	149,804	4,913	4,906	1,246	24,273
Support and Revenue							
Local Public Support	85,760	--	29,445	--	5,668	12,693	37,954
Bright Meadows Admin	1,930	1,930	--	--	--	--	--
Other	15,157	157	--	--	--	--	15,000
Interest	1,902	1,902	--	--	--	--	--
Total Revenue	104,749	3,989	29,445	--	5,668	12,693	52,954
Expenses							
Salaries	46,609	10,729	20,329	--	--	--	15,551
Fringe Benefits	9,711	376	1,555	--	--	--	7,780
Rent	22,982	--	16,050	--	--	--	6,932
Utilities	1,963	--	1,639	--	--	--	324
Equipment and Building Maintenance	1,202	--	950	--	--	--	252
Property and Equipment	1,475	--	1,475	--	--	--	--
Depreciation	3,189	--	1,727	460	52	--	950
Interest	1,087	--	--	--	--	--	1,087
Property Taxes	2,101	--	--	--	--	--	2,101
Advertising	19	--	--	--	--	--	19
Supplies and Copying	21	--	21	--	--	--	--
Subscriptions and Dues	6,535	6,535	--	--	--	--	--
Telephone	1,451	(49)	1,431	--	69	--	--
Our Lady Church	2,621	--	--	--	2,621	--	--
Jaycee Expense - Polk	1,078	--	--	--	1,078	--	--
Garden Project	235	--	235	--	--	--	--
Moose Lodge	737	--	--	--	--	737	--
Miscellaneous	2,292	672	1,001	--	359	--	260
Total Expenses	105,308	18,263	46,413	460	4,179	737	35,256
Excess (Deficiency) of Support and Revenue over Expenses Before Capital Additions	(559)	(14,274)	(16,968)	(460)	1,489	11,956	17,698
Capital Additions - Grant Funds Provided for Acquisition of Capital Assets	--	--	--	--	--	--	--
Transfers							
Property and Equipment	2,287	--	(15)	2,069	233	--	--
Fund Balance - End of Year	$ 231,790	30,646	132,821	6,522	6,628	13,202	41,971

SEE INDEPENDENT AUDITOR'S REPORT

BOONE COUNTY OPPORTUNITY PROGRAMS, INC.
(AFFILIATE)

Statement of Financial Position

September 30, 2004

	Unrestricted	Temporarily Restricted	Total
Assets			
Current Assets			
Cash	$ 16,546	--	16,546
Prepaid Expenses	662	--	662
Total Current Assets	17,208	--	17,208
Deposits Held in Trust - Cash			
Tenants' Security Deposits	1,309	--	1,309
Restricted Deposits			
Reserve for Replacements	--	7,000	7,000
Property and Equipment			
Land	36,620	--	36,620
Buildings and Improvements	150,599	--	150,599
Equipment	28,894	--	28,894
	216,113	--	216,113
Less Accumulated Depreciation	23,956	--	23,956
Net Property and Equipment	192,157	--	192,157
Total Assets	$ 210,674	7,000	217,674
Liabilities and Net Assets			
Current Liabilities			
Current Maturities of Long-Term Debt	$ 736	--	736
Accounts Payable	687	--	687
Accounts Payable - Related Party	672	--	672
Total Current Liabilities	2,095	--	2,095
Deposit Liabilities			
Tenants' Security Deposits	1,300	--	1,300
Long-Term Debt			
Mortgages Payable - Net of Current Maturities	178,428	--	178,428
Total Liabilities	181,823	--	181,823
Net Assets			
Temporarily Restricted	--	7,000	7,000
Unrestricted	28,851	--	28,851
Total Net Assets	28,851	7,000	35,851
Total Liabilities and Net Assets	$ 210,674	7,000	217,674

SEE INDEPENDENT AUDITOR'S REPORT

BOONE COUNTY OPPORTUNITY PROGRAMS, INC.
(AFFILIATE)

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2004

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Governmental Support			
Rental Assistance	$ 15,453	--	15,453
Mortgage Note Payment Subsidies	12,653	--	12,653
Revenue			
Rental Income from Tenants	16,184	--	16,184
Laundry Machine Income	821	--	821
Contributions	7,500	--	7,500
Interest	72	6	78
Total Support and Revenue	52,683	6	52,689
Expenses			
Building Maintenance and Supplies	10,271	--	10,271
Interest Expense	17,872	--	17,872
Depreciation	7,686	--	7,686
Telephone and Utilities	2,227	--	2,227
Management Fees	1,930	--	1,930
Audit Expense	2,006	--	2,006
Insurance	1,380	--	1,380
Office Supplies and Postage	204	--	204
Advertising	42	--	42
Total Expenses	43,618	--	43,618
Change in Net Assets	9,065	6	9,071
Net Assets - Beginning of Year	21,646	5,134	26,780
Transfers			
Operating Funds Transfers			
Reserve for Replacements - Net	(1,860)	1,860	--
Net Assets - End of Year	$ 28,851	7,000	35,851