

COMMUNITY OPPORTUNITIES, INC.
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2005

COMMUNITY OPPORTUNITIES, INC.

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COMMUNITY OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners Chairperson
Dennis Dorman Vice Chairperson
Dan Kratoska Secretary-Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	LaVerne Deist	Vacancy	Vacancy
Calhoun	Gary Nicholson	Vacancy	Jeff Larson
Carroll	Eugene Meiners	Cynthia Emery	Dan Kratoska
Dallas	Mark Hansen	Dennis Dorman	Barb Maier
Greene	Terry Adams	Erick Johnson	Vacancy
Guthrie	James Petersen	Vacancy	Jeffrey Lambrecht
Sac	Dean Stock	Vacancy	Barton Thoreson

Agency Officials

Chad Jensen Executive Director
Lynn Nulle Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Opportunities, Inc.
Carroll, Iowa

We have audited the accompanying statement of financial position of Community Opportunities, Inc. as of September 30, 2005 and the related statements of activities, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Community Opportunities, Inc. as of and for the year ended September 30, 2005, and the results of its operations, changes in net assets and 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 January 16, 2006 on our consideration of Community Opportunities, Inc.'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 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.

To the Board of Directors
Community Opportunities, Inc.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included on Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Gernewald, Bell, Hyman + Co. P.C.

Atlantic, Iowa
January 16, 2006

COMMUNITY OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2005

ASSETS	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Cash	\$ 42,066	\$ 100,258	\$ --	\$ 142,324
Receivables:				
Grantor agencies	10,705	423,184	--	433,889
Other sources	--	30,053	--	30,053
Other funds	92,073	--	--	92,073
Prepaid expense	10,230	9,560	--	19,790
Inventory	9,398	--	--	9,398
Property and equipment at cost, less accumulated depreciation of \$639,004	<u>--</u>	<u>--</u>	<u>243,390</u>	<u>243,390</u>
Total Assets	<u>\$ 164,472</u>	<u>\$ 563,055</u>	<u>\$ 243,390</u>	<u>\$ 970,917</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 24,250	\$ 214,650	\$ --	\$ 238,900
Grantor agencies	--	7,177	--	7,177
Salaries and benefits	42,478	93,468	--	135,946
Other funds	--	92,073	--	92,073
State advance	--	32,087	--	32,087
Deferred revenue	<u>--</u>	<u>63,366</u>	<u>--</u>	<u>63,366</u>
Total Liabilities	66,728	502,821	--	569,549
Net Assets				
Unrestricted	97,744	--	124,148	221,892
Temporarily restricted by grantor agencies	<u>--</u>	<u>60,234</u>	<u>119,242</u>	<u>179,476</u>
Total Net Assets	<u>97,744</u>	<u>60,234</u>	<u>243,390</u>	<u>401,368</u>
Total Liabilities and Net Assets	<u>\$ 164,472</u>	<u>\$ 563,055</u>	<u>\$ 243,390</u>	<u>\$ 970,917</u>

See notes to financial statements.

COMMUNITY OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2005

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,023,347	\$ --	\$ 2,023,347
U.S. Department of Health and Human Services	--	1,973,342	--	1,973,342
Iowa Department of Public Health	--	575,856	--	575,856
Iowa Department of Education	--	400,217	--	400,217
Iowa Department of Economic Development	--	81,435	--	81,435
Various	--	215,621	--	215,621
In-Kind Contributions	--	526,360	--	526,360
Public Support and Contributions	549	79,885	--	80,434
Co-Funding	60,298	77,062	--	137,360
Interest Income	616	--	--	616
Investment in Plant	--	--	82,468	82,468
Miscellaneous	5,149	731,478	--	736,627
	<u>66,612</u>	<u>6,684,603</u>	<u>82,468</u>	<u>6,833,683</u>
Total Revenues				
Expenditures:				
Head Start	--	2,602,465	--	2,602,465
Community Services Block Grant (CSBG)	--	224,445	--	224,445
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,279,622	--	1,279,622
Weatherization Assistance	--	366,782	--	366,782
Maternal and Child Health	--	267,329	--	267,329
Family Planning	--	140,885	--	140,885
Immunization	--	12,537	--	12,537
Abstinence Education	--	10,388	--	10,388
Women, Infants and Children (WIC)	--	314,490	--	314,490
Child and Adult Care Food Program (CACFP) - Homes	--	300,056	--	300,056
Home Investment Partnership Program	--	80,373	--	80,373
Other Programs	--	1,056,235	--	1,056,235
Administration	67,069	--	--	67,069
Depreciation and Disposal of Assets	--	--	58,908	58,908
	<u>67,069</u>	<u>6,655,607</u>	<u>58,908</u>	<u>6,781,584</u>
Total Expenditures				
Change in Net Assets	(457)	28,996	23,560	52,099
Net Assets at Beginning of Year	<u>98,201</u>	<u>31,238</u>	<u>219,830</u>	<u>349,269</u>
Net Assets at End of Year	<u>\$ 97,744</u>	<u>\$ 60,234</u>	<u>\$ 243,390</u>	<u>\$ 401,368</u>

See notes to financial statements.

COMMUNITY OPPORTUNITIES, INC.
Statement of Functional Expenditures
Administrative Fund and Program Funds
Year Ended September 30, 2005

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Total</u>
Salaries and wages	\$ 206,397	\$ 1,724,105	\$ 1,930,502
Fringe benefits	45,558	424,825	470,383
Assistance to individuals	--	2,370,266	2,370,266
Professional fees and contracted services	25,730	233,048	258,778
Travel	2,663	82,530	85,193
Occupancy	9,423	123,273	132,696
Utilities and telephone	3,984	87,468	91,452
Supplies and materials	14,834	334,974	349,808
Equipment	8,342	73,188	81,530
Printing, publications and postage	1,566	28,287	29,853
Insurance	5,641	36,566	42,207
Miscellaneous	6,281	210,007	216,288
Co-funding	--	137,360	137,360
In-kind:			
Labor	--	230,289	230,289
Materials and other	--	296,071	296,071
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	330,419	6,392,257	6,722,676
Allocation of indirect costs	<u>(263,350)</u>	<u>263,350</u>	<u>--</u>
Total Expenditures	<u>\$ 67,069</u>	<u>\$ 6,655,607</u>	<u>\$ 6,722,676</u>

See notes to financial statements.

COMMUNITY OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2005

Cash flows from operating activities:	
Cash received from State Agencies	\$ 3,014,644
Cash received from Federal Grantor	1,891,385
Contributions received	80,434
Interest received	616
Other receipts	963,843
Cash paid to employees and suppliers	(5,819,162)
Interest paid	(203)
Net cash provided by operating activities	<u>131,557</u>
Cash flows from investing activities:	
Property and equipment expenditures	(82,468)
Cash flows from financing activities:	
Principal paid on note payable	<u>(7,704)</u>
Net increase in cash	41,385
Cash and cash equivalents at beginning of year	<u>100,939</u>
Cash and cash equivalents at end of year	<u>\$ 142,324</u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 52,099
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and disposal of assets	58,908
Changes in assets and liabilities	
Receivables	(141,801)
Prepaid expenses	(4,297)
Inventory	(4,490)
Payables	156,598
Deferred revenue	<u>14,540</u>
Total adjustments	<u>79,458</u>
Net cash provided by operating activities	<u>\$ 131,557</u>

See notes to financial statements.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc., a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. Community Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

Community Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 58% of its revenues from two governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2005 to September 30, 2006.

B. Fund Accounting

The accounts of Community Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenditures. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenditures are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenditures that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Basis of Presentation for Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (page 23) includes the federal grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements for the completed grants at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2005, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage as of September 30, 2005.

Inventory - Supplies are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and equipment purchased are recorded as expenditures in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 20 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenditures for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized since there were no qualifying assets.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

G. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

H. Total Column

The total column on the combined statements of financial position, activities, and functional expenditures is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

I. Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - INDIRECT COST RATE AGREEMENT

Community Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (15.3%) for fiscal year October 1, 2004 to September 30, 2005. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (15.3%) times the allocation base. The allocation base is the Organization's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Organization's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2005, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Child Adult Care Food Program	\$ --	\$ --	\$ 5,705	\$ 5,705
Community Building Investment Program	--	--	6,987	6,987
Community Services Block Grant	--	--	20,929	20,929
Head Start	18,234	172,929	171,777	362,940
Maternal Health/Child Health	--	--	27,823	27,823
Low Income Home Energy Assistance Program	--	--	95,714	95,714
Weatherization Assistance	--	19,609	49,096	68,705
Women, Infants and Children	--	--	11,749	11,749
Other Grantors	--	--	19,410	19,410
General Agency	210,000	--	45,396	255,396
United Way	--	--	7,036	7,036
Total Cost	<u>228,234</u>	<u>192,538</u>	<u>461,622</u>	<u>882,394</u>
Less Accumulated Depreciation	<u>(90,513)</u>	<u>(174,890)</u>	<u>(373,601)</u>	<u>(639,004)</u>
Net	<u>\$ 137,721</u>	<u>\$ 17,648</u>	<u>\$ 88,021</u>	<u>\$ 243,390</u>

The components of the Agency's accumulated depreciation at September 30, 2005 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 81,682	\$ 206,525	\$ 333,700	\$ 621,907
Current Year Depreciation	8,831	9,687	40,390	58,908
Disposal of Assets	<u>--</u>	<u>(41,322)</u>	<u>(489)</u>	<u>(41,811)</u>
Balance End of Year	<u>\$ 90,513</u>	<u>\$ 174,890</u>	<u>\$ 373,601</u>	<u>\$ 639,004</u>

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 4 - LEASE COMMITMENT

Community Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving a thirty day notice in writing of their intention to vacate the lease. The Agency also leases a vehicle, copy machines, a telephone system, and a mailing system under non-cancelable operating leases expiring through November, 2010.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2005 are as follows:

<u>Year Ending September 30,</u>	
2006	\$ 8,740
2007	1,896
2008	1,896
2009	1,896
2010	<u>316</u>
Total minimum future rental payments	<u>\$ 14,744</u>

Rental expense under all operating leases for the year ended September 30, 2005 totaled approximately \$106,522.

NOTE 5 - COMPENSATED ABSENCES

Employees accumulate vacation hours for subsequent use or payment upon retirement, termination, or death. They also accumulate non-vesting sick leave hours which are available for subsequent use only. These accumulations are not recognized as expenditures by Community Opportunities, Inc. until used by the employee. Based on these facts, no liability is accrued in these financial statements for accumulated employee vacation and sick leave. The total vacation that has been accumulated as of September 30, 2005, but not recognized as a liability by Community Opportunities, Inc., based on current rates of pay, is approximately \$36,900.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 6 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency 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 which 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. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Agency is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended September 30, 2005, 2004, and 2003 were approximately \$101,400, \$110,300, and \$107,400, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency has established a tax-sheltered annuity arrangement. The plan is available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

Under the terms of the plan, the Agency contributes an amount equal to 2.0 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant must contribute 1.0 percent of their annual salary and all such payments are accumulated and invested for individual participants of the plan. Amounts credited to individual participants are 100 percent vested immediately. The accumulated monies are paid upon a participant's retirement or termination.

For the year ended September 30, 2005, the Agency's contributions amounted to \$783 which is 2 percent of its current year covered payroll of \$39,150. Employees' contributions of all participants amounted to \$2,887. The Agency's total current year payroll for all employees was \$1,930,502.

COMMUNITY OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2005

NOTE 7 - CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with Carroll County State Bank with a face amount of \$100,000. This agreement expires in December, 2005.

Federal Assistance Grants

Community Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

Community Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Deposits and Investments

The Organization's deposits at September 30, 2005 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Organization or the Organization's agent in the Organization's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

* * *

SUPPLEMENTAL INFORMATION

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Financial Position - Program Funds
September 30, 2005

	Head Start	State Technical Assistance Programs	Immigration Advocacy
ASSETS			
Cash	\$ --	\$ 2,254	\$ 2,885
Receivables:			
Grantor agencies	170,258	--	--
Other sources	--	--	--
Prepaid expense	--	--	--
Total Assets	\$ 170,258	\$ 2,254	\$ 2,885
 LIABILITIES AND NET ASSETS			
Liabilities:			
Payables:			
Accounts	\$ 92,071	\$ --	\$ --
Grantor agencies	--	--	--
Salaries and benefits	61,276	--	--
Other funds	17,019	--	--
State advance	--	--	--
Deferred revenue	--	2,254	--
Total Liabilities	170,366	2,254	--
Net Assets (Liabilities)	(108)	--	2,885
Total Liabilities and Net Assets	\$ 170,258	\$ 2,254	\$ 2,885

(continued next page)

<u>CSBG</u>	<u>County Outreach</u>	<u>Housing Program</u>	<u>CACFP</u>	<u>WIC</u>
\$ --	\$ 27,919	\$ 3,102	\$ --	\$ --
6,077	--	--	25,522	62,492
--	--	--	--	3,364
--	--	--	--	--
<u>\$ 6,077</u>	<u>\$ 27,919</u>	<u>\$ 3,102</u>	<u>\$ 25,522</u>	<u>\$ 65,856</u>
\$ 4,037	\$ 4,460	\$ 1,475	\$ 19,801	\$ 12,928
--	--	--	--	--
1,444	3,354	565	2,082	8,082
596	--	--	3,639	12,657
--	--	--	--	32,087
--	--	--	--	--
6,077	7,814	2,040	25,522	65,754
--	20,105	1,062	--	102
<u>\$ 6,077</u>	<u>\$ 27,919</u>	<u>\$ 3,102</u>	<u>\$ 25,522</u>	<u>\$ 65,856</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Financial Position - Program Funds - Continued
September 30, 2005

	Child Health	Dental Health	Maternal Health
ASSETS			
Cash	\$ --	\$ --	\$ 10,918
Receivables:			
Grantor agencies	5,261	5,335	2,358
Other sources	21,556	180	1,043
Prepaid expense	--	--	--
Total Assets	\$ 26,817	\$ 5,515	\$ 14,319
 LIABILITIES AND NET ASSETS			
Liabilities:			
Payables:			
Accounts	\$ 2,191	\$ 1,920	\$ 8,616
Grantor agencies	--	--	--
Salaries and benefits	5,600	--	1,492
Other funds	19,026	3,595	--
State advance	--	--	--
Deferred revenue	--	--	4,211
Total Liabilities	26,817	5,515	14,319
Net Assets (Liabilities)	--	--	--
Total Liabilities and Net Assets	\$ 26,817	\$ 5,515	\$ 14,319

(continued next page)

<u>Family Planning</u>	<u>Hawk-I</u>	<u>ABCD</u>	<u>Abstinence Education</u>
\$ 651	\$ --	\$ 200	\$ --
1,250	3,524	--	5,377
3,910	--	--	--
--	--	--	--
<u>\$ 5,811</u>	<u>\$ 3,524</u>	<u>\$ 200</u>	<u>\$ 5,377</u>
\$ 3,334	\$ 1,342	\$ --	\$ 1,605
--	--	--	--
2,477	403	--	--
--	1,779	--	3,772
--	--	--	--
--	--	--	--
<u>5,811</u>	<u>3,524</u>	<u>--</u>	<u>5,377</u>
<u>--</u>	<u>--</u>	<u>200</u>	<u>--</u>
<u>\$ 5,811</u>	<u>\$ 3,524</u>	<u>\$ 200</u>	<u>\$ 5,377</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Financial Position - Program Funds - Continued
September 30, 2005

	<u>Immunization</u>	<u>Choreperson</u>	<u>Child Lead</u>
ASSETS			
Cash	\$ --	\$ 2,563	\$ 12,545
Receivables:			
Grantor agencies	2,913	--	7,389
Other sources	--	--	--
Prepaid expense	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 2,913</u>	<u>\$ 2,563</u>	<u>\$ 19,934</u>
 LIABILITIES AND NET ASSETS			
Liabilities:			
Payables:			
Accounts	\$ 164	\$ 4	\$ 692
Grantor agencies	--	--	--
Salaries and benefits	44	235	1,655
Other funds	2,976	--	--
State advance	--	--	--
Deferred revenue	<u>--</u>	<u>--</u>	<u>17,587</u>
Total Liabilities	3,184	239	19,934
Net Assets (Liabilities)	<u>(271)</u>	<u>2,324</u>	<u>--</u>
Total Liabilities and Net Assets	<u>\$ 2,913</u>	<u>\$ 2,563</u>	<u>\$ 19,934</u>

See accompanying independent auditor's report.

<u>LIHEAP</u>	<u>Weatherization Assistance</u>	<u>Other</u>	<u>Total</u>
\$ 21,663	\$ --	\$ 15,558	\$ 100,258
38,896	56,768	29,764	423,184
--	--	--	30,053
<u>--</u>	<u>9,560</u>	<u>--</u>	<u>9,560</u>
<u>\$ 60,559</u>	<u>\$ 66,328</u>	<u>\$ 45,322</u>	<u>\$ 563,055</u>
\$ 50,454	\$ --	\$ 9,556	\$ 214,650
7,177	--	--	7,177
2,928	--	1,831	93,468
--	27,014	--	92,073
--	--	--	32,087
<u>--</u>	<u>39,314</u>	<u>--</u>	<u>63,366</u>
60,559	66,328	11,387	502,821
<u>--</u>	<u>--</u>	<u>33,935</u>	<u>60,234</u>
<u>\$ 60,559</u>	<u>\$ 66,328</u>	<u>\$ 45,322</u>	<u>\$ 563,055</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Activities - Program Funds
Year Ended September 30, 2005

	Head Start - EHS <u>11/30/2004</u>	Head Start - EHS <u>11/30/2005</u>	EHS Empowerment <u>6/30/2005</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	378,393	1,567,839	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	30,234	69,927	--
Iowa Department of Economic Development	--	--	--
Various	--	--	23,180
In-Kind Contributions	117,576	408,784	--
Public Support and Contributions	--	--	--
Co-funding	--	--	--
Miscellaneous	--	--	--
	<hr/>	<hr/>	<hr/>
Total Revenues	526,203	2,046,550	23,180
Expenditures:			
Salaries and wages	206,514	834,340	11,256
Fringe benefits	44,266	206,247	3,697
Assistance to individuals	--	--	--
Professional fees and contracted services	27,348	75,388	3,889
Travel	3,032	43,121	1,709
Occupancy	8,085	43,251	--
Utilities and telephone	5,707	24,919	426
Supplies and materials	42,089	208,696	470
Equipment	11,099	14,340	--
Printing, publications and postage	1,229	5,987	11
Insurance	--	6,133	--
Miscellaneous	27,661	47,690	--
Co-Funding	--	--	--
In-Kind:			
Labor	62,423	167,866	--
Materials and other	55,153	240,918	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	494,606	1,918,896	21,458
Allocation of Indirect Costs	<hr/> 31,597	<hr/> 127,654	<hr/> 1,722
Total Expenditures	<hr/> 526,203	<hr/> 2,046,550	<hr/> 23,180
Change in Net Assets	--	--	--
Net Assets (Liabilities) at Beginning of Year	<hr/> --	<hr/> --	<hr/> --
Net Assets (Liabilities) at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>EHS Empowerment 6/30/2006</u>	<u>State Technical Assistance Program</u>	<u>Immigration Advocacy</u>	<u>CSBG</u>	<u>County Outreach</u>	<u>Housing Program</u>
\$ --	\$ --	\$ --	\$ 224,445	\$ --	\$ --
--	27,110	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	81,435
6,424	--	26,185	--	93,370	--
--	--	--	--	--	--
--	--	--	--	58,955	--
--	--	5,131	--	60,723	--
--	--	10	--	5,198	--
<u>6,424</u>	<u>27,110</u>	<u>31,326</u>	<u>224,445</u>	<u>218,246</u>	<u>81,435</u>
3,757	--	4,482	33,124	63,831	11,121
1,042	--	674	8,040	18,934	2,285
--	--	--	--	40,669	60,076
276	27,110	--	6,000	--	--
667	--	771	3,788	5,562	2,945
--	--	2,172	5,035	30,792	344
136	--	1,673	5,114	20,303	545
79	--	159	5,440	5,852	2
--	--	--	7,400	1,776	42
--	--	4	5,558	675	197
--	--	--	963	2,056	16
--	--	--	1,994	46,530	1,098
--	--	--	137,360	--	--
--	--	--	--	--	--
<u>5,957</u>	<u>27,110</u>	<u>9,935</u>	<u>219,816</u>	<u>236,980</u>	<u>78,671</u>
<u>575</u>	<u>--</u>	<u>686</u>	<u>4,629</u>	<u>9,766</u>	<u>1,702</u>
<u>6,532</u>	<u>27,110</u>	<u>10,621</u>	<u>224,445</u>	<u>246,746</u>	<u>80,373</u>
(108)	--	20,705	--	(28,500)	1,062
<u>--</u>	<u>--</u>	<u>(17,820)</u>	<u>--</u>	<u>48,605</u>	<u>--</u>
<u>\$(108)</u>	<u>\$ --</u>	<u>\$ 2,885</u>	<u>\$ --</u>	<u>\$ 20,105</u>	<u>\$ 1,062</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Activities - Program Funds - Continued
Year Ended September 30, 2005

	<u>CACFP</u>	<u>WIC</u>	<u>Child Health</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	--	301,358	94,361
Iowa Department of Education	300,056	--	--
Iowa Department of Economic Development	--	--	--
Various	--	10,209	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	--
Miscellaneous	--	3,025	101,663
	<hr/>	<hr/>	<hr/>
Total Revenues	300,056	314,592	196,024
Expenditures:			
Salaries and wages	37,876	171,138	113,355
Fringe benefits	8,442	45,910	25,871
Assistance to individuals	234,532	--	--
Professional fees and contracted services	--	6,999	15,248
Travel	2,843	8,462	3,800
Occupancy	1,517	9,986	4,849
Utilities and telephone	2,108	5,013	5,316
Supplies and materials	3,911	24,559	6,481
Equipment	1,304	54	714
Printing, publications and postage	1,499	2,832	2,524
Insurance	88	1,539	216
Miscellaneous	141	11,814	307
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	294,261	288,306	178,681
Allocation of Indirect Costs	<u>5,795</u>	<u>26,184</u>	<u>17,343</u>
Total Expenditures	<u>300,056</u>	<u>314,490</u>	<u>196,024</u>
Change in Net Assets	--	102	--
Net Assets (Liabilities) at Beginning of Year	<hr/>	<hr/>	<hr/>
Net Assets (Liabilities) at End of Year	<u>\$ --</u>	<u>\$ 102</u>	<u>\$ --</u>

(continued next page)

Schedule 2

<u>Dental Health</u>	<u>Maternal Health</u>	<u>Family Planning</u>	<u>Hawk-I</u>	<u>ABCD</u>	<u>Abstinence Education</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
13,841	46,627	55,147	12,296	1,700	10,388
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	7,218	--	55	--
--	<u>24,678</u>	<u>78,520</u>	--	--	--
13,841	71,305	140,885	12,296	1,755	10,388
687	39,803	67,766	2,933	362	3,504
147	10,389	15,795	582	61	807
--	--	--	--	--	--
11,316	1,627	18,657	6,687	--	--
18	66	2,534	146	--	186
--	1,900	5,885	--	--	--
--	1,119	2,638	--	--	--
1,566	9,461	13,948	1,493	1,049	650
--	354	517	--	--	--
2	161	1,899	6	28	--
--	111	557	--	--	--
--	224	321	--	--	4,705
--	--	--	--	--	--
--	--	--	--	--	--
13,736	65,215	130,517	11,847	1,500	9,852
<u>105</u>	<u>6,090</u>	<u>10,368</u>	<u>449</u>	<u>55</u>	<u>536</u>
<u>13,841</u>	<u>71,305</u>	<u>140,885</u>	<u>12,296</u>	<u>1,555</u>	<u>10,388</u>
--	--	--	--	200	--
--	--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 200</u>	<u>\$ --</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Activities - Program Funds - Continued
Year Ended September 30, 2005

	<u>Immunization</u> 12/31/04	<u>Immunization</u> 12/31/05	<u>Choreperson</u> 6/30/2005
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	2,263	9,841	--
Iowa Department of Education	--	--	--
Iowa Department of Economic Development	--	--	--
Various	--	--	13,335
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	43	119	--
Miscellaneous	--	--	60
	<hr/>	<hr/>	<hr/>
Total Revenues	2,306	9,960	13,395
Expenditures:			
Salaries and wages	282	912	3,291
Fringe benefits	51	207	1,166
Assistance to individuals	--	--	--
Professional fees and contracted services	1,980	8,315	--
Travel	200	135	--
Occupancy	--	--	--
Utilities and telephone	--	108	--
Supplies and materials	--	50	18
Equipment	--	--	--
Printing, publications and postage	--	--	118
Insurance	--	--	--
Miscellaneous	--	114	9,399
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	2,513	9,841	13,992
Allocation of Indirect Costs	<hr/> 43	<hr/> 140	<hr/> 504
Total Expenditures	<hr/> 2,556	<hr/> 9,981	<hr/> 14,496
Change in Net Assets	(250)	(21)	(1,101)
Net Assets (Liabilities) at Beginning of Year	<hr/> --	<hr/> --	<hr/> 1,765
Net Assets (Liabilities) at End of Year	<u><u>\$ (250)</u></u>	<u><u>\$ (21)</u></u>	<u><u>\$ 664</u></u>

(continued next page)

<u>Choreperson</u> <u>6/30/2006</u>	<u>Child Lead</u> <u>6/30/2005</u>	<u>Child Lead</u> <u>6/30/2006</u>	<u>LIHEAP</u>	<u>HEAP</u> <u>3/31/2005</u>	<u>HEAP</u> <u>3/31/2006</u>
\$ --	\$ --	\$ --	\$ 1,279,622	\$ 136,458	\$ 41,051
--	--	--	--	--	--
--	22,605	5,429	--	--	--
--	--	--	--	--	--
11,635	--	--	--	--	--
--	--	--	--	--	--
--	2,063	430	--	--	--
<u>10</u>	<u>367</u>	<u>559</u>	<u>--</u>	<u>--</u>	<u>--</u>
11,645	25,035	6,418	1,279,622	136,458	41,051
1,162	13,481	4,177	56,282	--	--
259	2,980	907	17,219	--	--
--	--	--	1,147,386	127,545	30,125
--	5,110	--	--	--	--
--	--	115	540	--	--
--	--	--	1,143	--	--
--	5	--	748	--	--
27	494	579	2,693	--	--
--	--	--	35,092	--	--
22	--	1	5,037	--	--
87	--	--	67	8,913	10,926
8,250	--	--	4,804	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
9,807	22,070	5,779	1,271,011	136,458	41,051
<u>178</u>	<u>2,063</u>	<u>639</u>	<u>8,611</u>	<u>--</u>	<u>--</u>
<u>9,985</u>	<u>24,133</u>	<u>6,418</u>	<u>1,279,622</u>	<u>136,458</u>	<u>41,051</u>
1,660	902	--	--	--	--
<u>--</u>	<u>(902)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,660</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

COMMUNITY OPPORTUNITIES, INC.
Combining Statement of Activities - Program Funds - Continued
Year Ended September 30, 2005

	<u>Department of Energy 3/31/2005</u>	<u>Department of Energy 3/31/2006</u>	<u>Utility Company 12/31/2004</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ 104,029	\$ 85,244	\$ 74,088
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	--	--	--
Iowa Department of Economic Development	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	--
Miscellaneous	--	--	--
	<hr/>	<hr/>	<hr/>
Total Revenues	104,029	85,244	74,088
Expenditures:			
Salaries and wages	--	--	--
Fringe benefits	--	--	--
Assistance to individuals	104,029	85,244	74,088
Professional fees and contracted services	--	--	--
Travel	--	--	--
Occupancy	--	--	--
Utilities and telephone	--	--	--
Supplies and materials	--	--	--
Equipment	--	--	--
Printing, publications and postage	--	--	--
Insurance	--	--	--
Miscellaneous	--	--	--
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	104,029	85,244	74,088
Allocation of Indirect Costs	<hr/> --	<hr/> --	<hr/> --
Total Expenditures	<hr/> 104,029	<hr/> 85,244	<hr/> 74,088
Change in Net Assets	--	--	--
Net Assets (Liabilities) at Beginning of Year	<hr/> --	<hr/> --	<hr/> --
Net Assets (Liabilities) at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Utility Company 12/31/2005</u>	<u>Other</u>	<u>Total</u>
\$ 78,410	\$ --	\$ 2,023,347
--	--	1,973,342
--	--	575,856
--	--	400,217
--	--	81,435
--	31,283	215,621
--	--	526,360
--	20,930	79,885
--	1,280	77,062
<u>--</u>	<u>517,388</u>	<u>731,478</u>
78,410	570,881	6,684,603
--	38,669	1,724,105
--	8,847	424,825
78,410	388,162	2,370,266
--	17,098	233,048
--	1,890	82,530
--	8,314	123,273
--	11,590	87,468
--	5,208	334,974
--	496	73,188
--	497	28,287
--	4,894	36,566
--	44,955	210,007
--	--	137,360
--	--	230,289
<u>--</u>	<u>--</u>	<u>296,071</u>
78,410	530,620	6,392,257
<u>--</u>	<u>5,916</u>	<u>263,350</u>
<u>78,410</u>	<u>536,536</u>	<u>6,655,607</u>
--	34,345	28,996
<u>--</u>	<u>(410)</u>	<u>31,238</u>
<u>\$ --</u>	<u>\$ 33,935</u>	<u>\$ 60,234</u>

COMMUNITY OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards*
Year Ended September 30, 2005

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Number
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 6107/38
Head Start Program	93.600	07CH 6107/39
Early Head Start	93.600	07CH 6107/38
Early Head Start	93.600	07CH 6107/39
Special State Technical Assistance Program	93.569	90EZ0040/01
<i>Subtotal Direct Program</i>		
Indirect Programs		
Iowa Department of Human Rights		
Community Services Block Grant	93.569	CSBG 05-01CB
Low-Income Home Energy Assistance Program	93.568	LIHEAP-05-01-B
HEAP Weatherization	N/A	HEAP 04-01B
HEAP Weatherization	N/A	HEAP 05-01B
Iowa Department of Public Health		
Maternal Health	93.994	5885 A033
Child Health	93.994	5885 A033
Dental Health	93.994	5885 A033
Family Planning	93.217	5885 A033
I-4 Project (Immunization)	93.268	5884 I438
Childhood Lead Poisoning Prevention Program	93.197	5885 LP02
Abstinence Only Education	93.235	5885 AB44
<i>Subtotal Indirect Programs</i>		
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Energy		
Indirect Programs		
Iowa Department of Human Rights		
Weatherization Assistance	81.042	DOE 04-01 B
Weatherization Assistance	81.042	DOE 05-01 B
<i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Iowa Department of Public Health		
Special Supplemental Food Program for Women, Infants and Children	10.557	5885 A033
Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
<i>Total U.S. Department of Agriculture</i>		
U.S. Department of Housing and Urban Development		
Indirect Program		
Iowa Department of Economic Development Home Investment Partnership Program	14.239	01-HM-213-64-69

Total Expenditures of Federal Awards

* See Notes to Financial Statements for Basis of Presentation.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/03 - 11/30/04	\$ 308,250
12/01/04 - 11/30/05	1,242,019
12/01/03 - 11/30/04	70,143
12/01/04 - 11/30/05	325,820
09/30/04 - 02/28/06	<u>27,110</u>
	1,973,342
10/01/04 - 09/30/05	224,445
10/01/04 - 09/30/05	1,279,622
04/01/04 - 03/31/05	136,458
04/01/05 - 03/31/06	41,051
10/01/04 - 09/30/05	46,627
10/01/04 - 09/30/05	94,361
10/01/04 - 09/30/05	13,841
10/01/04 - 09/30/05	55,147
01/01/05 - 12/31/05	6,495
07/01/04 - 06/30/05	22,605
10/01/04 - 09/30/05	<u>10,388</u>
	1,931,040
	<u>3,904,382</u>
04/01/04 - 03/31/05	104,029
04/01/05 - 03/31/06	<u>85,244</u>
	189,273
10/01/04 - 09/30/05	301,358
10/01/04 - 09/30/05	300,056
10/01/04 - 09/30/05	<u>100,161</u>
	<u>701,575</u>
03/10/00 - 03/31/05	<u>81,435</u>
	<u>\$ 4,876,665</u>

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Community Services Block Grant
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 05-01CB</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 224,445	\$ 224,445	\$ --
Program Expenditures:			
Personnel	\$ 43,061	\$ 41,164	\$ 1,897
Travel	3,780	3,788	(8)
Space Costs	3,293	3,293	--
Equipment	7,400	7,400	--
Consultants	6,000	6,000	--
Co-Funded Programs	130,693	137,360	(6,667)
Other Costs	22,650	20,811	1,839
Indirect Costs	<u>7,568</u>	<u>4,629</u>	<u>2,939</u>
Total Expenditures	<u>\$ 224,445</u>	<u>\$ 224,445</u>	<u>\$ --</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,302,472	\$ 1,279,622	\$ 22,850
Program Expenditures:			
Regular Assistance	\$ 908,731	\$ 906,085	\$ 2,646
Energy Crisis Intervention Payments	81,383	61,201	20,182
Client Services	32,365	32,365	--
Summer Deliverable Fuel Program	180,100	180,100	--
Administration Costs	<u>99,893</u>	<u>99,871</u>	<u>22</u>
Total Expenditures	<u>\$ 1,302,472</u>	<u>\$ 1,279,622</u>	<u>\$ 22,850</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 04-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 265,645	\$ 136,458	\$ 129,187
Program Expenditures:			
Administration Costs	\$ 12,568	\$ 1,121	\$ 11,447
Weatherization Materials	57,787	23,885	33,902
Support Costs	53,268	10,099	43,169
Labor	58,519	38,816	19,703
Health and Safety	38,138	36,469	1,669
Equipment and Training	36,452	17,155	19,297
Pollution Occurrence Insurance	8,913	8,913	--
Total Expenditures	<u>\$ 265,645</u>	<u>\$ 136,458</u>	<u>\$ 129,187</u>
<u>Contract Number HEAP 05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 290,215	\$ 41,051	\$ 249,164
Program Expenditures:			
Administration Costs	\$ 13,664	\$ --	\$ 13,664
Weatherization Materials	63,896	786	63,110
Support Costs	61,270	19,599	41,671
Labor	63,896	293	63,603
Health and Safety	47,266	9,447	37,819
Equipment and Training	29,297	--	29,297
Pollution Occurrence Insurance	10,926	10,926	--
Total Expenditures	<u>\$ 290,215</u>	<u>\$ 41,051</u>	<u>\$ 249,164</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE 04-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 104,029	\$ 104,029	\$ --
Program Expenditures:			
Administration Costs	\$ 11,459	\$ 6,897	\$ 4,562
Weatherization Materials	34,273	29,594	4,679
Support Costs	13,175	8,521	4,654
Labor	23,932	41,138	(17,206)
Health and Safety	21,190	17,879	3,311
Total Expenditures	<u>\$ 104,029</u>	<u>\$ 104,029</u>	<u>\$ --</u>
<u>Contract Number DOE 05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 194,067	\$ 85,244	\$ 108,823
Program Expenditures:			
Administration Costs	\$ 20,332	\$ 7,821	\$ 12,511
Weatherization Materials	46,973	23,628	23,345
Support Costs	45,042	10,775	34,267
Labor	46,973	28,722	18,251
Health and Safety	34,747	14,298	20,449
Total Expenditures	<u>\$ 194,067</u>	<u>\$ 85,244</u>	<u>\$ 108,823</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number AQU 04-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 17,742	\$ 17,742	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,099	\$ 262	\$ 837
Weatherization Materials	8,988	6,836	2,152
Support Costs	2,650	1,498	1,152
Labor	<u>5,005</u>	<u>9,146</u>	<u>(4,141)</u>
Total Expenditures	<u>\$ 17,742</u>	<u>\$ 17,742</u>	<u>\$ --</u>
<u>Contract Number IPL 04-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 31,740	\$ 31,740	\$ --
Program Expenditures:			
Administrative Costs	\$ 3,313	\$ 85	\$ 3,228
Weatherization Materials	10,815	14,501	(3,686)
Support Costs	3,318	2,323	995
Labor	<u>14,294</u>	<u>14,831</u>	<u>(537)</u>
Total Expenditures	<u>\$ 31,740</u>	<u>\$ 31,740</u>	<u>\$ --</u>
<u>Contract Number MEC 04-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 24,606	\$ 24,606	\$ --
Program Expenditures:			
Administrative Costs	\$ 3,500	\$ 52	\$ 3,448
Weatherization Materials	8,577	11,586	(3,009)
Support Costs	1,632	1,496	136
Labor	<u>10,897</u>	<u>11,472</u>	<u>(575)</u>
Total Expenditures	<u>\$ 24,606</u>	<u>\$ 24,606</u>	<u>\$ --</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number AQU 05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 17,802	\$ 17,802	\$ --
Program Expenditures:			
Administrative Costs	\$ 890	\$ 156	\$ 734
Support Costs	1,780	1,780	--
Labor	7,566	8,518	(952)
Weatherization Materials	<u>7,566</u>	<u>7,348</u>	<u>218</u>
Total Expenditures	<u>\$ 17,802</u>	<u>\$ 17,802</u>	<u>\$ --</u>
<u>Contract Number IPL 05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 56,857	\$ 24,046	\$ 32,811
Program Expenditures:			
Administrative Costs	\$ 2,843	\$ --	\$ 2,843
Support Costs	5,686	1,261	4,425
Labor	24,164	12,288	11,876
Weatherization Materials	<u>24,164</u>	<u>10,497</u>	<u>13,667</u>
Total Expenditures	<u>\$ 56,857</u>	<u>\$ 24,046</u>	<u>\$ 32,811</u>
<u>Contract Number MEC 05-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 86,135	\$ 36,562	\$ 49,573
Program Expenditures:			
Administrative Costs	\$ 4,307	\$ --	\$ 4,307
Supports Costs	8,614	1,423	7,191
Labor	36,607	17,349	19,258
Weatherization Materials	<u>36,607</u>	<u>17,790</u>	<u>18,817</u>
Total Expenditures	<u>\$ 86,135</u>	<u>\$ 36,562</u>	<u>\$ 49,573</u>

See accompanying independent auditor's report.

COMMUNITY OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures
 Administrative Fund
 Year Ended September 30, 2005

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 549	\$ --	\$ 549
CSBG Co-Funding	--	60,298	60,298
Interest Earned	616	--	616
Miscellaneous	<u>--</u>	<u>5,149</u>	<u>5,149</u>
Total Revenues	<u>\$ 1,165</u>	<u>\$ 65,447</u>	<u>\$ 66,612</u>
Expenditures:			
Salaries and Wages	\$ --	\$ 206,397	\$ 206,397
Fringe Benefits	--	45,558	45,558
Professional Fees and Contracted Services	--	25,730	25,730
Travel	132	2,531	2,663
Occupancy	--	9,423	9,423
Utilities and Telephone	17	3,967	3,984
Supplies and Materials	620	14,214	14,834
Equipment	--	8,342	8,342
Printing, Publications and Postage	107	1,459	1,566
Insurance	--	5,641	5,641
Miscellaneous	<u>746</u>	<u>5,535</u>	<u>6,281</u>
Total Expenditures Before Allocation of Indirect Costs	1,622	328,797	330,419
Allocation of Indirect Costs	<u>--</u>	<u>(263,350)</u>	<u>(263,350)</u>
Total Expenditures	<u>\$ 1,622</u>	<u>\$ 65,447</u>	<u>\$ 67,069</u>

See accompanying independent auditor's report.

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's 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

To the Board of Directors of
Community Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of Community Opportunities, Inc. as of and for the year ended September 30, 2005, and have issued our report thereon dated January 16, 2006. 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 Community Opportunities, Inc.'s internal control 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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Community Opportunities, Inc.'s ability to record, process, summarize and report financial data consistent with the assertion of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-05 is a material weakness.

To the Board of Directors of
Community Opportunities, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended September 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of Community Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Diamond, Bell, Hyman - Co P.C.

Atlantic, Iowa
January 16, 2006

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133

To the Board of Directors of
Community Opportunities, Inc.
Carroll, Iowa

Compliance

We have audited the compliance of Community Opportunities, Inc. 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, 2005. Community Opportunities, Inc.'s major federal programs are identified in the summary of auditor's results section in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Community Opportunities, Inc.'s management. Our responsibility is to express an opinion on Community Opportunities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Opportunities, Inc.'s compliance with those requirements.

In our opinion Community Opportunities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

To the Board of Directors of
Community Opportunities, Inc.

Internal Control Over Compliance

The management of Community Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Community Opportunities, Inc.'s internal control 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Community Opportunities, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-05.

A material weakness is a 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 grant agreements 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report, a public record by law, is intended solely for the information and use of Community Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Stonewold, Bell, Kyles & C. P. C.

Atlantic, Iowa
January 16, 2006

COMMUNITY OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2005

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Reportable conditions in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 93.600 - Head Start Program
 - CFDA Number 93.568 - Low-Income Home Energy Assistance Program
 - CFDA Number 10.558 - Child and Adult Care Food Program
 - CFDA Number 10.557 - Special Supplemental Food Program for Women, Infants and Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Community Opportunities, Inc. did not qualify as a low-risk auditee.

COMMUNITY OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended September 30, 2005.

REPORTABLE CONDITIONS:

II-A-05 Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency.

Recommendation: We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response and Corrective Action Planned: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Agency to employ additional personnel for this reason. The Board will continue on an ongoing basis to act as an oversight group.

Conclusion: Response accepted.

COMMUNITY OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended September 30, 2005.

REPORTABLE CONDITIONS:

CFDA Number 93.600 - Head Start and Early Head Start Programs

Agency Numbers: 07CH 6107(38) and 07CH 6107(39)

Federal Award Years: 2004 and 2005

U.S. Department of Health and Human Services

CFDA Number 93.568 - Low-Income Home Energy Assistance Program

Pass-through Numbers: LIHEAP-05-01-B

Federal Award Year: 2005

U.S. Department of Health and Human Services

Passed through the Iowa Department of Human Rights

CFDA Number 10.558 - Child and Adult Care Food Program

Pass-through Numbers: 14-8015 and 14-8010

Federal Award Year: 2005

U.S. Department of Agriculture

Passed through the Iowa Department of Education

CFDA Number 10.557 - Special Supplemental Food Program for Women, Infants and Children

Agency Numbers: 5885 A033

Federal Award Year: 2005

U.S. Department of Agriculture

Passed through the Iowa Department of Public Health

III-A-05 Segregation of Duties over Federal Revenues and Expenditures - The Agency did not properly segregate custody, record-keeping and reconciling functions for revenues and expenditures, including those related to Federal programs. See audit finding II-A-05.

* * *