

**Quad Area Community Action Agency, Inc.  
Hammond, Louisiana**

**Financial Statements With Auditors' Report**

**As of and for the Years Ended December 31, 2021 and 2020**

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
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# COOK & MOREHART

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## Independent Auditor's Report

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of Quad Area Community Action Agency, Inc. ( a nonprofit organization ), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Quad Area Community Action Agency, Inc. (a nonprofit organization) as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., which statement reflects total assets at December 31, 2021 and 2020 of \$1,400,893 and \$1,441,462, respectively, and the total support and revenues for the years ended December 31, 2021 and 2020 of \$283,613 and \$274,204, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LaPosada Apartments, is based solely on the report of the other auditors.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Quad Area Community Action Agency, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Quad Area Community Action Agency, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Quad Area Community Action Agency, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Quad Area Community Action Agency, Inc.'s ability to continue as a going concern for a reasonable period of time.

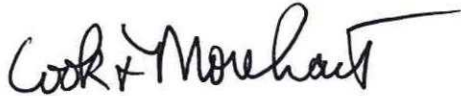
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 22 is presented for the purpose of additional analysis and is not a required part of the financial statements of Quad Area Community Action Agency, Inc. The accompanying schedule of expenditures of federal awards, shown on pages 23 – 25, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the Quad Area Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Quad Area Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quad Area Community Action Agency, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive style with a long horizontal line extending from the end of the word "Morehart".

Cook & Morehart  
Certified Public Accountants  
June 28, 2022

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Financial Position  
December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 1,101,389	\$ 457,066
Grant receivables	655,946	462,812
Other receivables	978	3,865
Prepaid expenses	16,727	16,727
Total current assets	1,775,040	940,470
Restricted deposits and funded reserves	259,907	248,447
Property and equipment	7,192,074	6,974,838
Accumulated depreciation	(4,074,999)	(3,880,995)
Net property and equipment	3,117,075	3,093,843
<b>Total Assets</b>	\$ 5,152,022	\$ 4,282,760
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 287,926	\$ 171,790
Accrued liabilities	145,186	145,953
Current portion of long-term debt	76,096	81,400
Refundable advances	33,938	19,615
Total current liabilities	543,146	418,758
Deposits and prepayment liabilities:		
Tenant's security deposits	5,850	5,850
Long-term debt	852,505	946,904
Total liabilities	1,401,501	1,371,512
Net assets:		
With donor restrictions	222,343	186,581
Without donor restrictions	3,528,178	2,724,667
Total net assets	3,750,521	2,911,248
<b>Total Liabilities and Net Assets</b>	\$ 5,152,022	\$ 4,282,760

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2021

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Totals</u>
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 14,655,089	\$ 45,856	\$ 14,700,945
Rents	43,368		43,368
Rental assistance subsidy	265,403		265,403
Fees earned	8,681		8,681
Miscellaneous revenues	170,075	53,465	223,540
Net assets released from restrictions:			
Satisfaction of restrictions	63,559	(63,559)	
 Total revenues and other support	 <u>15,206,175</u>	 <u>35,762</u>	 <u>15,241,937</u>
 <b>Program expenses:</b>			
Home energy assistance	5,576,490		5,576,490
Community services	1,665,651		1,665,651
Weatherization assistance	3,209,411		3,209,411
Head start program	1,376,489		1,376,489
Child care food program	160,360		160,360
Out of school youth program	79,761		79,761
Foster grandparents program	482,037		482,037
Rental housing project	193,327		193,327
VA Grant & Per Diem	596,700		596,700
Americorps	15,552		15,552
Youth Build	362,169		362,169
General services	52,873		52,873
Total program expenses	<u>13,770,820</u>		<u>13,770,820</u>
 General and Administrative expenses	 <u>1,209,813</u>		 <u>1,209,813</u>
 Total expenses	 <u>14,980,633</u>		 <u>14,980,633</u>
 Increase in net assets from operations	 225,542	 35,762	 261,304
 Non-operating activities			
Gain on disposition of assets	<u>577,969</u>		<u>577,969</u>
 Changes in net assets	 803,511	 35,762	 839,273
 Net assets, beginning of year	 <u>2,724,667</u>	 <u>186,581</u>	 <u>2,911,248</u>
 Net assets, end of year	 <u>\$ 3,528,178</u>	 <u>\$ 222,343</u>	 <u>\$ 3,750,521</u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 12,499,372	\$ 38,644	\$ 12,538,016
Rents	37,776		37,776
Rental assistance subsidy	261,262		261,262
Fees earned	8,697		8,697
Miscellaneous revenues	103,042	47,055	150,097
Net assets released from restrictions:			
Satisfaction of restrictions	47,640	(47,640)	
	<u>12,957,789</u>	<u>38,059</u>	<u>12,995,848</u>
<b>Program expenses:</b>			
Home energy assistance	4,239,082		4,239,082
Community services	2,226,641		2,226,641
Weatherization assistance	2,013,652		2,013,652
Head start program	1,388,954		1,388,954
Child care food program	121,501		121,501
Out of school youth program	102,047		102,047
Foster grandparents program	457,022		457,022
Rental housing project	192,029		192,029
VA Grant & Per Diem	596,590		596,590
Americorps	45,982		45,982
Youth Build	372,508		372,508
General services	52,031		52,031
Total program expenses	<u>11,808,039</u>		<u>11,808,039</u>
General and Administrative expenses	<u>1,113,213</u>		<u>1,113,213</u>
Total expenses	<u>12,921,252</u>		<u>12,921,252</u>
Changes in net assets	36,537	38,059	74,596
Net assets, beginning of year	<u>2,688,130</u>	<u>148,522</u>	<u>2,836,652</u>
Net assets, end of year	<u>\$ 2,724,667</u>	<u>\$ 186,581</u>	<u>\$ 2,911,248</u>

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



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

Program Services							
	Low-Income Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Care Food Program	Out of School Youth	Foster Grandparents Program
Salaries	\$ 161,673	\$ 436,929	\$ 488,981	\$ 825,334	\$ 29,781	\$ 53,254	\$ 80,800
Fringe benefits	32,077	89,852	92,242	153,155	5,040	10,632	18,031
Travel	7,904	8,322	8,249	34,891		15,875	426
Space costs	4,217	124,932		107,097			
Telephone	6,778	33,039		14,324			
Administrative							
Operating and maintenance	259	80		55,378	1,000		
Insurance	579	76,959	7,720	18,916			
Equipment expenses		12,356					
Supplies	7,400	36,581	2,602,891	45,661	25,809		36,047
Professional services and contract labor		13,650	1,000	5,088	1,800		1,650
Food and related supplies				27,366	96,930		
Miscellaneous		281		26,116			263
Vehicle expenses							
Volunteer expenses							344,820
Client assistance payments	5,354,112	832,670					
Interest expense							
Depreciation expense	1,491		8,328	63,163			
<b>Total Expenses</b>	<b>\$ 5,576,490</b>	<b>\$ 1,665,651</b>	<b>\$ 3,209,411</b>	<b>\$ 1,376,489</b>	<b>\$ 160,360</b>	<b>\$ 79,761</b>	<b>\$ 482,037</b>

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(Continued)

Program Services

	Rental Housing Project	VA Grant & Per Diem	Americorps	Youth Build	General Services	Total Program	General and Administrative	Total 2021
Salaries	\$	\$ 264,722	\$ 3,506	\$ 196,952	\$	\$ 2,541,932	\$ 793,154	\$ 3,335,086
Fringe benefits		46,630	956	36,823		485,438	146,214	631,652
Travel		6,027		19		81,713	6,342	88,055
Space costs	38,229			14,325		288,800	24,899	313,699
Telephone		13,205		3,392		70,738	6,875	77,613
Administrative							92,494	92,494
Operating and maintenance	73,085	61,783				191,585	526	192,111
Insurance	25,091	28,888		24,762		182,915	5,339	188,254
Equipment expenses		3,631				15,987	4,812	20,799
Supplies		22,205	5,480	11,632		2,793,706	47,349	2,841,055
Professional services and contract labor		1,680		66,002		90,870	35,015	125,885
Food and related supplies		61,988				186,284	5,811	192,095
Miscellaneous		74	5,610			32,344	7,785	40,129
Vehicle expenses		4,475		5,108		9,583	11,415	20,998
Volunteer expenses						344,820		344,820
Client assistance payments					28,310	6,215,092		6,215,092
Interest expense	5,451	23,686				29,137		29,137
Depreciation expense	51,471	57,706		3,154	24,563	209,876	21,783	231,659
<b>Total Expenses</b>	<b>\$ 193,327</b>	<b>\$ 596,700</b>	<b>\$ 15,552</b>	<b>\$ 362,169</b>	<b>\$ 52,873</b>	<b>\$ 13,770,820</b>	<b>\$ 1,209,813</b>	<b>\$ 14,980,633</b>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

Program Services

	Low-Income Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Care Food Program	Out of School Youth	Foster Grandparents Program
Salaries	\$ 110,982	\$ 469,458	\$ 365,442	\$ 801,369	\$ 29,771	\$ 57,062	\$ 66,300
Fringe benefits	23,645	100,694	76,198	151,292	4,982	10,171	11,073
Travel	8,946	9,465	5,326	23,049			2,054
Space costs	3,780	111,082		161,054			
Telephone	4,888	31,072		15,291			
Administrative							
Operating and maintenance	81	115		50,911	679		
Insurance	319	60,381	5,825	30,159			
Equipment expenses		11,921					
Supplies	14,686	54,229	1,557,253	45,492	11,391	34,814	15,649
Professional services and contract labor		6,703	1,000	4,135	1,540		434
Food and related supplies				32,582	73,138		
Miscellaneous		2,444		19,108			29
Vehicle expenses							
Volunteer expenses							361,483
Client assistance payments	4,070,264	1,369,052					
Interest expense							
Depreciation expense	1,491	25	2,608	54,512			
<b>Total Expenses</b>	<b>\$ 4,239,082</b>	<b>\$ 2,226,641</b>	<b>\$ 2,013,652</b>	<b>\$ 1,388,954</b>	<b>\$ 121,501</b>	<b>\$ 102,047</b>	<b>\$ 457,022</b>

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(Continued)

Program Services

	Rental Housing Project	VA Grant & Per Diem	Americorps	Youth Build	General Services	Total Program	General and Administrative	Total 2020
Salaries	\$	\$ 254,458	\$ 20,797	\$ 216,095	\$	\$ 2,391,734	\$ 724,196	\$ 3,115,930
Fringe benefits		45,583	5,156	41,643		470,437	120,090	590,527
Travel		3,460		2,990		55,290	788	56,078
Space costs	41,874			11,352		329,142	17,838	346,980
Telephone		7,613		4,556		63,420	7,165	70,585
Administrative							89,223	89,223
Operating and maintenance	69,504	61,701				182,991	740	183,731
Insurance	23,348	22,634		19,658		162,324	3,063	165,387
Equipment expenses		11,087				23,008	8,597	31,605
Supplies		28,866	16,786	7,412		1,786,578	35,178	1,821,756
Professional services and contract labor		1,356		58,612		73,780	51,689	125,469
Food and related supplies		75,590				181,310	3,435	184,745
Miscellaneous			3,243	4,473		29,297	17,512	46,809
Vehicle expenses		1,784		2,563		4,347	9,064	13,411
Volunteer expenses						361,483		361,483
Client assistance payments					27,468	5,466,784		5,466,784
Interest expense	5,832	26,263				32,095	2,852	34,947
Depreciation expense	51,471	56,195		3,154	24,563	194,019	21,783	215,802
<b>Total Expenses</b>	<b>\$ 192,029</b>	<b>\$ 596,590</b>	<b>\$ 45,982</b>	<b>\$ 372,508</b>	<b>\$ 52,031</b>	<b>\$ 11,808,039</b>	<b>\$ 1,113,213</b>	<b>\$ 12,921,252</b>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020

Operating Activities	2021	2020
Change in net assets	\$ 839,273	\$ 74,596
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	231,659	215,802
Donated fixed asset	(34,320)	-
(Increase) decrease in operating assets:		
Grant receivables	(193,134)	219,103
Other receivables	2,887	2,269
Prepaid expense		(1,742)
Increase (decrease) in operating liabilities:		
Accounts payable	116,136	(73,734)
Accrued liabilities	(766)	(12,376)
Refundable advances	14,323	665
Net cash provided by operating activities	976,058	424,583
 Investing Activities		
Payments for property and equipment	(220,572)	(100,479)
Net cash (used) in investing activities	(220,572)	(100,479)
 Financing Activities		
Proceeds from line of credit		120,000
Repayments of line of credit		(120,000)
Repayments of long-term debt	(99,703)	(94,836)
Net cash (used) in financing activities	(99,703)	(94,836)
 Net increase in cash, cash equivalents, and restricted cash	655,783	229,268
 Cash, cash equivalents, and restricted cash as of beginning of year	705,513	476,245
 Cash, cash equivalents, and restricted cash of end of year	\$ 1,361,296	\$ 705,513
 Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,101,389	\$ 457,066
Restricted cash	259,907	248,447
Cash, cash equivalents, and restricted cash, end of year	\$ 1,361,296	\$ 705,513
 Supplemental disclosures:		
 Cash paid for interest	\$ 29,137	\$ 34,947

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Quad Area Community Action Agency, Inc. (QACAA) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. QACAA is governed by a Board of Directors from the different parishes that QACAA serves. QACAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in the following parishes of Louisiana: Ascension, East Feliciana, West Feliciana, Livingston, St. Helena, Tangipahoa, Washington, Assumption, St. James, St. Charles, Iberville, West Baton Rouge, East Baton Rouge, St. John, St. Tammany, Plaquemines, St. Bernard, Jefferson, and Orleans. The following programs, with their approximate percentage of total revenues indicated, are administered by QACAA:

**Home Energy Assistance (36%)** – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Community Services Block Grant (9%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Community Services Block Grant Cares Act (4%)** – Administers programs designed to provide mortgage and rental assistance, along with assistance of food vouchers for those that have been affected by COVID-19 and have been laid off from their job, and have applied or are receiving unemployment benefits. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Weatherization Assistance (22%)** – Weatherizes (insulates) the dwellings of low-income persons particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Head Start Program (11%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**Child Nutrition (1%)** – Operates a Child and Adult Care Food Program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

**Foster Grandparents Program (4%)** – Sets up projects which provide one-on-one help to children with special needs or exceptional needs in health, education, welfare and related settings. Foster grandparents must be low-income persons at least 60 years of age. Funding is provided by federal funds from the U.S. Agency the Corporation for National Service.

**Rental Housing Projects (2%)** – La Posada Apartments is a forty-unit apartment project located in Independence, Louisiana, that is owned and operated by QACCA. The project was placed in service during August, 2002, for the purpose of operating a rental housing project. Permanent financing is being provided by the Rural Housing Service (RHS), and the project is regulated by RHS as to rent charges and operating methods.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

**VA Grant & Per Diem (4%)** – Provides funding for acquisition and renovation of a building to create transitional housing for homeless veterans. Funding is provided by federal funds from the Department of Veterans Affairs (VA) Homeless Providers Grant and Per Diem program.

**Americorps (1%)** – To assist individuals currently unemployed to gain work experience and valuable skills, and nonprofit organizations and communities negatively affected by the economic crisis will gain critical human resources. Funding is provided by federal funds through Youth Build USA.

**Youth Build (3%)** – To target disadvantaged youth to engage them in academic and occupational challenges, qualifying them to work on affordable or free housing intended for homeless/low-income projects. Funding is provided by federal funds from the U.S. Department of Labor.

**Out of School Youth (OSY) (1%)** – To target high school aged children not enrolled in school and to ensure that all students have access to appropriate services based on identified needs. The program can help to determine services based on individual needs and provide a variety of services and opportunities to encourage and assist them in achieving their full potential. Funding is provided by federal funds passed through the Tangipahoa Parish Government.

**United Way (1%)** – To educate and empower disadvantaged individuals and to help lift them out of poverty to create a stronger, better community. Funding is provided by United Way and passed through the United Way of Southeast Louisiana.

**General Services (1%)** – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

B. Basis of Accounting

The financial statements of QACAA have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of QACAA's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of QACAA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. QACAA has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Income Taxes

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2018, 2019, 2020, and 2021 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2021 or 2020.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of \$5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Facility related expenses are allocated to each function based upon square footage utilized by the function.

J. Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the rental housing project. At December 31, 2021 and 2020, this account was funded in an amount equal to the security deposit liability.

K. Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the corporation and the tenants of the rental housing project are operating leases.

(2) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC. At December 31, 2021, \$1,458,785 was held at financial institutions. Of this amount, \$542,645 was insured by the FDIC, and the remaining \$916,140 was uninsured. At December 31, 2020, \$799,506 was held at financial institutions. Of this amount, \$590,211 was insured by the FDIC, and the remaining \$209,295 was uninsured.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2021 and 2020, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2021 and 2020, but not received until after those dates.

(4) Refundable Advances

QACAA records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

(5) Net Assets

Net assets at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 1,085,657	\$ 405,242
Net investment in property and equipment	<u>2,188,475</u>	<u>2,065,538</u>
Total undesignated net assets	<u>3,274,132</u>	<u>2,470,780</u>
Designated for Rental Housing Project	254,046	242,586
Designated for VA Grant and Per Diem Program		<u>11,301</u>
Total designated for use for programs	<u>254,046</u>	<u>253,887</u>
Total net assets without donor restrictions	<u>3,528,178</u>	<u>2,724,667</u>
Net Assets With Donor Restrictions:		
Subject to expenditures for specified purpose -		
Restricted for Liheap program	1,635	1,447
Restricted for West Feliciana program	50,667	40,605
Restricted for Weatherization	20,420	
Restricted for utility assistance	20,000	
Restricted for Veterans program	<u>129,621</u>	<u>144,529</u>
Total net assets with donor restrictions	<u>222,343</u>	<u>186,581</u>
Total Net Assets	<u>\$3,750,521</u>	<u>\$2,911,248</u>

(6) Contractual Revenue – Grants

During the years ended December 31, 2021 and 2020, QACAA received contractual revenue from federal and state grants in the amount of \$14,700,945 and \$12,538,016, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(7) Restricted Deposits and Funded Reserves

In accordance with the loan agreement with RHS, a reserve for replacements is to be funded \$21,302 annually until the account reaches a balance of \$213,020. The required amount of reserves as of December 31, 2021 and 2020 was \$213,020 and \$213,020, respectively. The amount on hand at December 31, 2021 and 2020 was \$251,229 and \$241,153, respectively, which was funded. This amount is included in restricted deposits and funded reserves in the accompanying financial statements.

Also included in restricted deposits and fund reserves are escrow and security deposits at December 31, 2021 and 2020 of \$8,678 and \$7,294, respectively.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

(8) Liquidity and Availability of Financial Assets

QACAA monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. QACAA has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$1,101,389	\$ 457,066
Grant receivables	655,946	462,812
Other receivables	978	3,865
Cash restricted for deposits and funded reserves	<u>259,907</u>	<u>248,447</u>
Total financial assets	2,018,220	1,172,190
Less amounts not available to be used within one year:		
Net assets with donor restrictions	( 222,343)	( 186,581)
Less designated assets which are designated for program use	<u>( 254,046)</u>	<u>( 253,887)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$1,541,831</u>	<u>\$ 731,722</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 5, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary.

In addition to financial assets available to meet general expenditures over the year, QACAA operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of QACAA's cash and shows positive cash generated by operations of \$976,058 and \$424,583 for fiscal years ending December 31, 2021 and 2020, respectively. QACAA also has a \$300,000 line of credit available to meet cash flow needs.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to the Financial Statements  
December 31, 2021 and 2020  
(Continued)

(9) Property and Equipment

An analysis of property and equipment at December 31, 2021 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Building and improvements	20 - 30 years	\$ 2,740,213	\$ 1,010,263	\$ 3,750,476
La Pasada Apartment buildings	30 years	2,006,299		2,006,299
Land		31,500	100,250	131,750
Idle assets		8,550	14,323	22,873
Furniture and equipment	3 - 7 years	467,127	25,996	493,123
La Pasada furniture and equipment	3 - 7 years	33,106		33,106
Vehicles	3 - 5 years	672,245	82,202	754,447
Accumulated depreciation		<u>(3,247,829)</u>	<u>(827,170)</u>	<u>(4,074,999)</u>
Net investment in property and equipment		<u>\$ 2,711,211</u>	<u>\$ 405,864</u>	<u>\$ 3,117,075</u>

Depreciation expense for the year ended December 31, 2021 was \$231,659.

An analysis of property and equipment at December 31, 2020 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Building and improvements	20 - 30 years	\$ 2,740,213	\$ 1,010,263	\$ 3,750,476
La Pasada Apartment buildings	30 years	2,006,299		2,006,299
Land		31,500	100,250	131,750
Idle assets		8,550	14,323	22,873
Furniture and equipment	3 - 7 years	467,127	25,998	493,125
La Pasada furniture and equipment	3 - 7 years	33,106		33,106
Vehicles	3 - 5 years	455,007	82,202	537,209
Accumulated depreciation		<u>(3,100,170)</u>	<u>(780,825)</u>	<u>(3,880,995)</u>
Net investment in property and equipment		<u>\$ 2,641,632</u>	<u>\$ 452,211</u>	<u>\$ 3,093,843</u>

Depreciation expense for the year ended December 31, 2020 was \$215,802.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

(10) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties. Rental costs on these items for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 48,143	\$ 25,200
Equipment	<u>25,251</u>	<u>35,080</u>
	<u>\$ 73,394</u>	<u>\$ 60,280</u>

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

<u>For the Year Ending</u> <u>December 30,</u>	
2022	\$ 38,460
2023	38,460
2024	20,360
2025	<u>12,360</u>
	<u>\$ 109,640</u>

(11) Accrued Liabilities

Accrued liabilities at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Payroll liabilities	\$ 143,565	\$ 144,300
Accrued interest payable	<u>1,621</u>	<u>1,653</u>
	<u>\$ 145,186</u>	<u>\$ 145,953</u>

(12) Partnership Investments

QACAA serves as the Managing General Partner for three different limited partnerships which manage apartment complexes under the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA entered into Management Sub-Contracts with Calhoun Property Management, Inc. and St. Amant Management Co., in which they will co-manage the Partnerships. QACAA's ownership percentage of all partnerships is .5%.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

(13) Long-term Debt

Long-term debt at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Note payable with a bank dated January, 2010 payable in monthly payments of principal and interest as determined by bank; interest rate of 6.75%; loan renewed February, 2015, due in monthly installments of \$4,919; interest rate 5.25%; final payment due February, 2020; secured by real estate. Note was renewed March 5, 2020 with a maturity date of March, 2025, with monthly payments of \$4,839. This loan was paid in full during February, 2022.	\$ 401,136	\$ 445,918
Two notes payable to Rural Housing Service, due in monthly installments of \$3,150 and \$501, including interest at 1.00%, secured by real estate, final payments due October 2035.	527,465	565,795
Note payables to a bank, interest 5.25%; payments due in monthly installments of \$695, final payments due October 2024; secured by a vehicle, paid off October 2021.	_____	16,591
 Total Debt	 928,601	 1,028,304
Less current installments on long-term debt	( 76,096)	( 81,400)
Non-current portion of long-term debt	<u>\$ 852,505</u>	<u>\$ 946,904</u>

Approximate maturities of long-term debt are summarized as follows:

For the Year Ending December 31,	Approximate Amount
2022	\$ 76,096
2023	78,495
2024	81,006
2025	322,746
2026	40,294
2027 – thereafter	329,964
	<u>\$ 928,601</u>

Interest expense on these notes for the years ended December 31, 2021 and 2020 was \$29,137 and \$34,947, respectively.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2021 and 2020  
(Continued)

(14) Line of Credit

QACAA has a \$300,000 line of credit. The line of credit will matured on October 14, 2022, and is secured by a continuing security interest in all property. As of December 31, 2021 and 2020, there was no outstanding balance on this line of credit.

(15) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest-earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 2021 and 2020 were \$141,677, and \$137,190, respectively.

(16) Subsequent Events

Subsequent events have been evaluated through June 28, 2022, the date the financial statements were available to be issued.

QACAA entered into certain construction contracts subsequent to December 31, 2021 for repairs to various buildings. Total amounts of those contracts were \$259,134.

(17) Contingency

QUAD is a defendant in a lawsuit, the ultimate outcome of which is not presently determinable. An estimate of possible loss or range of loss cannot be reasonably estimated at this time.

(18) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonable estimated at this time.

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2021

Agency Head: Wallace Sibley, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 154,815
Benefits - insurance	6,005
Benefits - retirement	7,904
Reimbursements	2,257
Conference travel	780
Car usage	3,262



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
Head Start Cluster				
Direct Programs:				
Head Start (Fy 11-30-21)	93.600	06CH011867-01		\$ 1,279,651
Head Start (Fy 11-30-22)	93.600	06CH011867-02		100,991
American Rescue Plan - Head Start	93.600	06HE00132201C6		215,572
Covid-19 - Head Start Cares Act	93.600	06HE00132201C5		55,378
Total Head Start Cluster				1,651,592
477 Cluster				
Passed through Louisiana Workforce Commission				
Community Services Block Grant	93.569	2020N0026, 2021N0026		1,358,803
Covid-19 - Community Services Block Grant Cares Act	93.569	2000507708		617,929
Total 477 Cluster				1,976,732
Passed through Louisiana Housing Corporation				
Low-Income Home Energy Assistance Program	93.568	Unknown		4,651,317
Covid-19 - Low-Income Home Energy Assistance Program Cares Act	93.568	Unknown		27,000
American Rescue Plan - Low-Income Home Energy Assistance Program	93.568	Unknown		1,141,401
Weatherization Assistance Program (Fy 6-30-21)	93.568	Unknown		1,400,149
Weatherization Assistance Program (Fy 6-30-22)	93.568	Unknown		1,168,407
Total U.S. Department of Health and Human Services				12,016,598
<u>U.S. Department of Energy</u>				
Passed through Louisiana Housing Corporation				
Weatherization Assistance Program (Fy 6-30-21)	81.042	Unknown		491,203
Weatherization Assistance Program (Fy 6-30-22)	81.042	Unknown		396,152
Total U.S. Department of Energy				887,355

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>The Corporation For National Service</u>				
Foster Grandparent / Senior Companion Cluster				
Direct Programs:				
Foster Grandparent Program (Fy 6-30-21)	94.011	20SF232360		319,772
Foster Grandparent Program (Fy 6-30-22)	94.011	21SF234322		192,200
Total Foster Grandparent / Senior Companion Cluster				<u>511,972</u>
Passed through YouthBuild USA				
Americorps	94.006	Unknown		<u>41,569</u>
Total Corporation For National Service				<u>553,541</u>
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Farm Labor Housing Loan	10.405	Unknown		527,465
Rural Rental Assistance Payment	10.427	Unknown		265,403
Passed through Louisiana Department of Education				
Child Care Food Program (Head Start)	10.558	Unknown		<u>160,360</u>
Total U.S. Department of Agriculture				<u>953,228</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Labor</u>				
Direct Programs:				
YouthBuild	17.274	YB-34294-19-60-A-22		<u>384,900</u>
WIOA Cluster				
Passed through Tangipahoa Parish Government				
Out of School Youth (OSY)	17.259	1-2020-2021		<u>79,761</u>
Total WIOA Cluster				<u>79,761</u>
Total U.S. Department of Labor				<u>464,661</u>
<u>U.S. Department of Veterans Affairs</u>				
Direct Program:				
VA Homeless Providers Grant	64.024	QACA570-1460-629-PD-21		<u>506,048</u>
Total U.S. Department of Veterans Affairs				<u>506,048</u>
Total federal expenditures			<u>\$</u>	<u>\$ 15,381,431</u>

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of QUAD Area Community Action Agency, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of QUAD Area Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of QUAD Area Community Action Agency, Inc.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) QUAD Area Community Action Agency, Inc. does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Loan balance outstanding at December 31, 2021, for the Farm Labor Housing Loan, CFDA #10.405, totaled \$527,465.

# COOK & MOREHART

*Certified Public Accountants*

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STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

Report on Internal Control Over Financial Reporting and Report on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana

We have audited, in accordance with the 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, the financial statements of Quad Area Community Action Agency, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2022. Our report includes a reference to other auditors who audited the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., as described in our report on Quad Area Community Action Agency, Inc.'s financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Quad Area Community Action Agency Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Quad Area Community Action Agency, Inc.'s financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
June 28, 2022

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

### Independent Auditor's Report

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion on Each Major Federal Program**

We have audited Quad Area Community Action Agency, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quad Area Community Action Agency's major federal programs for the year ended December 31, 2021. Quad Area Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Quad Area Community Action Agency, Inc. complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Quad Area Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Quad Area Community Action Agency Inc.'s compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Quad Area Community

Action Agency, Inc.'s federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Quad Area Community Action Agency Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Quad Area Community Action Agency Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Quad Area Community Action Agency Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Quad Area Community Action Agency Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Quad Area Community Action Agency Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cook & Morehart".

Cook & Morehart  
Certified Public Accountants  
June 28, 2022



Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2021

There were no findings for the prior year audit for the year ended December 31, 2020.

Schedule of Findings and Questioned Costs  
December 31, 2021

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : \_\_\_\_\_ yes √ no  
Significant deficiencies identified : \_\_\_\_\_ yes √ none reported

Noncompliance material to financial statements noted :

\_\_\_\_\_ yes √ no

Federal Awards

Internal control over major programs :

Material weaknesses identified : \_\_\_\_\_ yes √ no  
Significant deficiencies identified : \_\_\_\_\_ yes √ none reported

Type of auditors' report issued on compliance for major federal programs : Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)

\_\_\_\_\_ yes √ no

Identification of major federal programs :

Low-Income Home Energy Assistance Program AL# 93.568  
Head Start Program AL# 93.600

Dollar threshold used to distinguish between type A and type B programs : \$750,000

Auditee qualified as low risk : √ yes \_\_\_\_\_ no

**B. Findings – Financial Statements Audit – None.**

**C. Findings and Questioned Costs – Major Federal Programs Audit – None.**

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2021

There were no findings or questioned costs for the prior year audit period ended December 31, 2020.

Corrective Action Plan for Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2021

There are no findings or questioned costs for the current year audit period ended December 31, 2021.

# COOK & MOREHART

*Certified Public Accountants*

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Quad Area Community Action Agency, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Quad Area Community Action Agency, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above.

#### **Board or Finance Committee**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board of Directors of Quad met on the basis as set by board.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes of the Board of Directors of Quad referenced and included financial activity relating to public funds if those public funds comprised more than 10% of Quad's collections during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Each person responsible for collecting cash does not share cash drawers, was not responsible for preparing/making deposits, unless another employee is responsible for reconciling collection documentation to the deposit, was not responsible for posting collection entries to the general ledger or subsidiary ledgers; and was not responsible for reconciling cash collection to the general ledger and/or subsidiary ledger.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

All employees are covered by a blanket insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Quad does not use pre-numbered receipts, the deposits selected for testing were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one business day, and the actual deposit was traced to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to

employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Quad's written policies and procedures and employee job duties provide for segregation of duties as noted above, except as noted below:

*Exception:* The employee responsible for processing payments receives the signed checks back for mailing.

*Management's Response:* Quad will consider having an individual who is not involved in the payment process receive and mail the checks.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoice and included evidence of segregation of duties, except as noted below:

*Exception:* The employee responsible for processing payments receives the signed checks back for mailing.

*Management's Response:* Quad will consider having an individual who is not involved in the payment process receive and mail the checks.

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

None of the statements selected for testing contained finance charges and or late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)14. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

- 2) Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation is required by Quad's written credit card policy.

#### ***Travel and Expense Reimbursement (excluding card transactions)***

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The reimbursements selected for testing were reimbursed using a per diem rate was not more than the established rates either by the GSA, or were for actual costs and were supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement

### ***Contracts***

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The contracts selected for testing were not subject to the Louisiana Public Bid Law or Procurement Code.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

The contracts selected for testing did not require approval by the governing body per Quad's policies and procedures.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

None of the contracts selected for testing were amended during the testing period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

The payment selected for testing selected from each of the vendor contracts was supported by invoices that agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid



prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, Quad is not a governmental entity.

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Exception:* There was no evidence that the bank reconciliation was prepared within 2 months of the related statement closing date.

*Management's Response:* It is management's policy to reconcile all bank statements monthly.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Exception:* There was no indication that management had researched items that had been outstanding for more than 12 months from the statement closing date on four of the five bank accounts tested, for a total of 16 checks totaling \$4,147.

*Management's Response:* Management will review old outstanding items and follow up as deemed necessary.

### **Collections (excluding electronic funds transfers)**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

### ***Ethics***

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- Not applicable to nonprofit organizations.

### ***Debt Service***

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
- Not applicable to nonprofit organizations.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
- Not applicable to nonprofit organizations.

### ***Fraud Notice***

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- Management provided representation that there was not any misappropriations of public funds and assets during the fiscal period.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds
- We observed that Quad has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/Business Continuity***

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management

### ***Sexual Harassment***

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable to nonprofit organizations.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Not applicable to nonprofit organizations.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

Not applicable to nonprofit organizations.

We were engaged by Quad Area Community Action Agency, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Quad Area Community Action Agency, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "Cook & Morehart". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Cook & Morehart  
Certified Public Accountants  
June 28, 2022