

VERNON COMMUNITY ACTION COUNCIL, INC.
Leesville, Louisiana

Financial Statements
December 31, 2021

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Broussard & Company
Certified Public Accountants

To the Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana

Management is responsible for the accompanying financial statements of Vernon Community Action Council, Inc. (a nonprofit organization) (the Council), 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 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

As discussed in Note 17, certain conditions indicate that the Council may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Council be unable to continue as a going concern.

Broussard and Company

Lake Charles, Louisiana
April 27, 2022

VERNON COMMUNITY ACTION COUNCIL, INC.
Statement of Financial Position
As of December 31, 2021

Assets

Current Assets:	
Cash	\$ 76,943
Grant receivables	13,467
Prepaid insurance	<u>1,491</u>
Total Current Assets	<u>91,901</u>
 Noncurrent Assets:	
Fixed assets	274,019
Accumulated depreciation	<u>(86,554)</u>
Total Noncurrent Assets	<u>187,465</u>
 Total Assets	 <u><u>\$ 279,366</u></u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 10,500
Accrued liabilities	<u>222,270</u>
Total Current Liabilities	<u>232,770</u>
 Total Liabilities	 <u>232,770</u>
 Net Assets	
Without donor restrictions	<u>46,596</u>
 Total Net Assets	 <u>46,596</u>
 Total Liabilities and Net Assets	 <u><u>\$ 279,366</u></u>

The accompanying notes are an integral part of this statement

VERNON COMMUNITY ACTION COUNCIL, INC.
Statement of Activities
For The Year Ended December 31, 2021

Changes in Net Assets Without Donor Restrictions:

Revenue, Gains and Other Support

Governmental Grants	\$	98,853
Miscellaneous Revenues		220,218
		220,218

Total Revenues, Gains and Other Support Without Donor Restrictions		319,071
		319,071

Expenses

Local		64,706
ESG		752
Charitable Gaming		109,058
CSBG		63,111
LIHEAP		57,190
		57,190

Total Expenses		294,817
		294,817

Increase in Net Assets Without Donor Restrictions		24,254
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Net Assets Without Donor Restrictions, Beginning of Period, as Restated		22,342
		22,342

Net Assets Without Donor Restrictions, End of Period		\$ 46,596
		\$ 46,596

The accompanying notes are an integral part of this statement

VERNON COMMUNITY ACTION COUNCIL, INC.
Statement of Functional Expenses
For The Year Ended December 31, 2021

	Local	ESG	Charitable Gaming	CSBG	LIHEAP	TOTAL
Salaries	\$ 17,397	\$ -	\$ 10,545	\$ 34,416	\$ 32,730	\$ 95,088
Payroll taxes and withholdings	4,529	-	-	2,647	2,561	9,737
Insurance	-	378	-	6,768	5,538	12,684
Operations	4,297	-	19,583	-	6,238	30,118
Professional fees/contracts	1,112	-	2,575	5,014	-	8,701
Miscellaneous	17,773	231	2,217	5,893	-	26,114
Rent	89	-	72,090	2,884	3,011	78,074
Supplies and materials	772	-	2,048	3,208	2,140	8,168
Penalties and interest	17,922	-	-	-	-	17,922
Utilities	815	143	-	2,281	4,972	8,211
Total Expenses	<u>\$ 64,706</u>	<u>\$ 752</u>	<u>\$ 109,058</u>	<u>\$ 63,111</u>	<u>\$ 57,190</u>	<u>\$ 294,817</u>

The accompanying notes are an integral part of this statement

VERNON COMMUNITY ACTION COUNCIL, INC.
Statement of Cash Flows
For The Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from supporters, grants, programs, fees	\$ 245,388
Cash paid to employees, suppliers, and for programs	<u>(182,910)</u>
Net Cash Provided (Used) by Operating Activities	<u>62,478</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on note payable	<u>(28,763)</u>
Net Cash Provided (Used) by Financing Activities	<u>(28,763)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,715
CASH AT BEGINNING OF YEAR	<u>43,228</u>
CASH AT END OF YEAR	<u><u>\$ 76,943</u></u>
 RECONCILIATION OF DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH USED BY OPERATING ACTIVITIES:	
Increase (decrease) in net assets without donor restrictions	24,254
Debt forgiveness	(19,939)
Adjustments to reconcile changes in excess of revenue and support over expenses to net cash provided by operating activities:	
Depreciation	-
(Increase) decrease in receivables and prepaid expenses	40,328
(Increase) decrease in land held for sale	60,000
Increase (decrease) in accounts payable and payroll liabilities	<u>(42,165)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 62,478</u></u>

The accompanying notes are an integral part of this statement

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 1 - Nature of Organization and Summary of Significant Accounting Policies:

Nature of Organization

The Vernon community Action Council, Inc., (Council) is a non-profit corporation incorporated to strengthen and preserve the dignity and economic mix of the parish. The work of the corporation significantly affects three level of community life: helping individuals and families with housing and social services; establishing other programs designed to meet pressing community needs. The Council is exempt from state and federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Council's open audit periods are form 2018 through 2021.

The Council operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor, disadvantaged, and unemployed in Vernon Parish. The Council administers the following programs shown for the year ended December 31, 2021:

Community Services Block Grant (CSBG) Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged, and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Low-Income Energy Assistance (LIHEAP) Program provides assistance in the form of an energy payment to a vendor on behalf of hardship households and energy conservation education. Funding is provided by federal funds passed through the Louisiana Housing Finance Council and the Louisiana Community Action Partnership.

Emergency Shelter Grants Program (ESG) Program is designed to help improve the quality of existing emergency shelters for the homeless individuals and families, make available additional emergency shelters, and meet the costs of operating emergency shelters and of providing essential social services to homeless individual and families.

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Council does not have any net assets with donor restrictions. Grants restricted by grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants are recognized.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Council consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

It is the Council's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Council reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over useful lives.

VERNON COMMUNITY ACTION COUNCIL, INC
Notes to Financial Statements
December 31, 2021

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):

Funding Policies

The Council receives their monies through basically three methods of funding. Most of the funds are obtained through grants. Under this method, funds are received on a monthly allocation of the total budget in advance of the actual expenditure. The Council also received funds as a reimbursement of actual expenditures. The other method by which the Council received funding is through private and in-kind contributions.

Compensated Absences

Employees accrue vacation leave based on years of service. Employees with more than ten years of service may carry over unused personal time off to the next calendar year at maximum of 240 hours. Accrued vacation leave totaled \$3,155 as of December 31, 2021.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deposits with Financial Institutions

The Council's bank balances of deposits with financial institutions at December 31, 2021 were fully insured by the Federal Deposit Insurance Corporation.

Note 2 - Board Members

During the period covered by our audit, there were no payments made to or on behalf of board members.

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 3 - Claims and Contingencies

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to allow ability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and the Council.

Note 4 - Economic Dependency

The Council receives a significant portion of its revenue from funds provided through grants. The grant amounts are appropriated each year by the Federal and State governments. Possible significant budget cuts are made at the Federal and/or State level. The amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 5 - Grants Receivable

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed by the grantor. Management considers all receivables to be collectible. Therefore, no allowance for doubtful accounts has been established.

Grants receivable at December 31, 2021 consisted of the following:

CSBG	\$ 5,883
LIHEAP	<u>7,584</u>
	<u>\$ 13,467</u>

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 6 - Property and Equipment

Property and equipment consist of the following:

Land	\$	22,747
Buildings		207,718
Equipment		36,323
Furniture and fixtures		7,231
Less: Accumulated depreciation		<u>(86,554)</u>
	\$	<u>187,465</u>

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation of property and equipment is computed principally by the straight-line method over 5 – 27.5 years. Depreciation expense totaled \$0 for the year ending December 31, 2021.

Note 7 - Risk Management

The Council is exposed to various risks of loss related to torts, theft or damage and destruction of assets, error and omissions, injuries to employees, and natural disasters. The Council carries commercial insurance for these risks.

Note 8 - Fair Values of Financial Instruments

The Council determined the fair value of its assets and liabilities through a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Council has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset.

The fair value of financial instruments, including cash, approximate the carrying value, principally because of the short maturity of those items and are considered Level 1 or Level 2.

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 9 - Sale of Land Held for Sale

In December 2021, the Council sold the land held for sale. The gross proceeds were \$50,000. The land had a carrying value of \$60,000 resulting in a loss on sale of \$10,000. The Council used the proceeds to pay off the remainder of the note payable. The outstanding balance of the note payable at the time of payoff was \$23,234.

Note 10 - Liquidity and Availability of Financial Assets

The following reflects the Council's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The Council has \$90,410 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$76,943 and grant receivables of \$13,467. The grant receivables are subject to implied time restrictions but are expected to be collected within one year. The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 11 - Building Lease

The Council previously entered into a lease of a building for a period of three years with an effective date of April 2016. The lease amount was \$1,100 per month with an option to renew for three years at \$1,100 per month. The Board did not renew the lease in 2020 and are currently on a month-to-month payment arrangement. Future minimum lease payments at December 31, 2021 are \$-0-.

Note 12 - Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Council adopted the new standard effective January 1, 2020, the first day of the Council's fiscal year, using the full retrospective method.

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 12 - Revenue Recognition (Continued)

As part of the adoption of the ASU, the Council elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Council used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Council expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the Council has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the Council’s revenue is recognized over time based on grants from several governmental agencies as well as hosting weekly bingo. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Council’s revenue streams do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have a significant impact on the Council’s financial statements. Based on the Council’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Note 13 - Disaggregation of Revenue from Contracts with Customers

The Council reports revenues based on the following categories: Governmental Grants and Other Miscellaneous Revenue. The Council has determined that these categories can be used to meet the objective of the disaggregation disclosure requirements, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates the Agency’s revenue based on type and on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

	<u>Governmental Grants</u>	<u>Other Revenue</u>	<u>Total</u>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -
Performance obligations satisfied over time	98,853	220,218	319,071
	<u>\$ 98,853</u>	<u>\$ 220,218</u>	<u>\$ 319,071</u>

VERNON COMMUNITY ACTION COUNCIL, INC.
Notes to Financial Statements
December 31, 2021

Note 14 - Contract Balances

Contract assets include unbilled amounts resulting from sales under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended December 31, 2021:

		2021	
Contract assets	\$	-	
Contract liabilities		-	

Note 15 - Subsequent Events

The Council evaluated its December 31, 2021 financial statements for subsequent events through April 27, 2022, the date the financial statements were available to be issued. The recent coronavirus pandemic could have a detrimental impact on the Council's operations and funding. The impact is unknown at the time the financial statements were available to be issued.

Note 16 - Restated Net Assets Without Donor Restrictions

The Council did not accrue the full extent of back payroll and income taxes in the prior year. The prior year accrual was understated by approximately \$143,000. An adjustment was made on the beginning accrued liabilities and net assets without donor restrictions balances. Net assets without donor restrictions was reduced from \$165,921 to \$22,342.

Note 17 - Going Concern

As shown in the accompanying financial statements, the Council's current liabilities include past federal payroll and income taxes of \$203,298. This factor creates a substantial doubt about the Council's ability to continue as a going concern for the year following the date the financial statements are available to be issued. Management of the Council has evaluated this condition and has proposed expense reductions, negotiations with federal tax authorities and sale of assets. The ability of the Council to continue as a going concern and meet its obligations as they become due is dependent on acceptance of the plan by federal tax authorities and management's ability to successfully implement the plan. The financial statements do not include any adjustments that might be necessary if the Council is unable to continue as a going concern.

VERNON COMMUNITY ACTION COUNCIL, Inc
Schedule of Compensation, Benefits and Other Payments to Executive Director
December 31, 2021

Agency Head Name: Courtney Cox, Executive Director

Purpose	Amount
Salary	\$ 30,240
Benefits-insurance	
Benefits-retirement	
Benefits (other)	
Car allowance	
Reimbursements (meals)	
Travel	
Registration fees	
Conference travel (air fare)	
Housing/Hotel	