

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Capital Area Alliance for the Homeless
153 N. 17th Street
Baton Rouge, Louisiana 70802

I have reviewed the accompanying financial statements of the Capital Area Alliance for the Homeless (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



John L. McKowen, CPA
Baton Rouge, Louisiana
May 8, 2020

CAPITAL AREA ALLIANCE FOR THE HOMELESS
Baton Rouge, Louisiana
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets

Cash	\$ 160,575
Accounts Receivable	171,638
Certificates of Deposit	<u>100,713</u>
Total Current Assets	432,926

Property and Equipment, Net	<u>20,047</u>
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Total Assets	<u><u>\$ 452,973</u></u>
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LIABILITIES AND NET ASSETS

Net Assets

Without Restriction	\$ 375,024
With Restriction	<u>77,949</u>
Total Net Assets	<u>452,973</u>

Total Liabilities and Net Assets	<u><u>\$ 452,973</u></u>
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See accompanying notes and independent accountant's review report.

CAPITAL AREA ALLIANCE FOR THE HOMELESS
Baton Rouge, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Unrestricted Revenue	
Government Grants and Contracts	\$ 246,194
Private Grants and Contributions	45,125
Service Contracts	211,734
Earned and Other Income	24,269
Total Revenues Without Donor Restrictions	<u>527,322</u>
Net Assets Released from Restrictions	<u>8,551</u>
Total Revenues and Other Support Without Donor Restrictions	<u>\$ 535,873</u>

EXPENSES

Management and General	\$ 113,951
Program Services	<u>534,174</u>
Total Expenses	<u>648,125</u>
Decrease in Net Assets Without Donor Restrictions	(112,252)

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Restricted Revenue	
Private Grants and Contracts	\$ 86,500
Net Assets Released from Restrictions	<u>(8,551)</u>
Increase in Net Assets With Donor Restrictions	\$ 77,949
TOTAL CHANGE IN NET ASSETS	(34,303)
Net Assets - Beginning of Year	<u>487,276</u>
Net Assets - End of Year	<u><u>\$ 452,973</u></u>

See accompanying notes and independent accountant's review report.

CAPITAL AREA ALLIANCE FOR THE HOMELESS
Baton Rouge, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2019

	<u>Management & General</u>	<u>Program Service</u>	<u>Total</u>
Salaries	\$ 35,299	\$ 233,332	\$ 268,631
Occupancy	48,011	81,797	129,808
Computer Expenses	1,901	117,499	119,400
One Stop Expenses	-	35,231	35,231
Professional Services	6,261	20,960	27,221
Payroll Taxes	1,497	19,054	20,551
Training and Conferences	3,343	13,077	16,420
Office Supplies	2,709	9,069	11,778
Travel	3,111	4,155	7,266
Depreciation	6,679	-	6,679
Bad Debt	5,140	-	5,140
	<u>\$ 113,951</u>	<u>\$ 534,174</u>	<u>\$ 648,125</u>

See accompanying notes and independent accountant's review report.

CAPITAL AREA ALLIANCE FOR THE HOMELESS
Baton Rouge, Louisiana
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (34,303)
Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:	
Depreciation	6,679
Increase in accounts receivable	<u>(77,979)</u>
Net cash used in operating activities	<u>(105,603)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificate of deposit	<u>(100,713)</u>
Net cash used in investing activities	<u>(100,713)</u>

DECREASE IN CASH	(206,316)
CASH, BEGINNING OF YEAR	<u>366,891</u>
CASH, END OF YEAR	<u><u>\$ 160,575</u></u>

Capital Area Alliance for the Homeless had no income tax expense or interest expense for the year ended December 31, 2019.

See accompanying notes and independent accountant's review report.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies

Organization

The mission of the Capital Area Alliance for the Homeless (CAAH) is to provide a continuum of care network for the homeless population in the Capital Area comprised of the civil parishes of Ascension, East Baton Rouge, East Feliciana, Iberville, Pointe Coupee, West Baton Rouge, and West Feliciana through a coordinated body of diverse organizations and individuals.

CAAH administers the Homeless Management Information System (HMIS) for the Balance of State State and contracts with nonprofits to provide these services to other regions. HMIS is a local information technology system used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. CAAH also provides training to users of the HMIS system on how to enter data and generate the required reports.

Basis of Accounting

The financial statements of CAAH have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial statements.

Use of Estimates

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

Cash

Cash consists of deposits held with a bank in a checking and a savings account.

Accounts Receivable

Accounts receivable arising from grants are recorded at their net realizable value while accounts receivable from contracts are recognized to the extent of services provided plus an admin fee. Management has not recorded an allowance for doubtful accounts as it considers all amounts to be collectible. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

Net Assets

CAAH reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies - Continued

Revenue Recognition and Performance Obligations

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided plus an admin fee. These grants and service contracts do not generally give rise to variable consideration.

Contributions are recorded when made. All contributions are available for unrestricted use unless there is a donor-imposed restriction.

Functional Expenses

CAAH allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification. Other expenses are allocated between program service and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

Donated services

Unpaid board members and volunteers conduct a significant portion of CAAH's functions. The value of this contributed time is not reflected in the accompanying financial statements since the service performed does not meet the criteria necessary for recognition.

Income Taxes

CAAH accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

CAAH is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CAAH files Form 990 in the U.S. federal jurisdiction. The organizations open audit periods are 2016 through 2019.

Subsequent Events

In preparing these financial statements CAAH has evaluated events and transactions for potential recognition or disclosure through May 8, 2020 the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies - Continued

Recently Issued Accounting Standards

Effective January 1, 2019, CAAH adopted the requirements of the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. This ASU and all subsequently issued clarifying ASUs replaced most revenue recognition guidance in U.S. GAAP and addresses how an entity should recognize revenue derived from various contracts with customers that generate revenue, along with requiring additional disclosures related to the nature, amount, and timing of revenue and cash flows arising from contracts with customers. Primarily, the update requires the organization to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied.

The adoption of the standard did not result in any changes to beginning retained earnings at January 1, 2019. Based on the organization’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.

2. Property and Equipment

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of assets which ranges from 5 to 15 years.

Property and equipment, related services lives, and accumulated depreciation as of December 31, 2019 are as follows:

	Service Lives	Amount
Furniture and fixtures	5	\$ 55,258
Leasehold improvements	15	25,405
		80,663
Accumulated depreciation		(60,616)
		<u>\$ 20,047</u>

Depreciation expense was \$6,679 for the year ended December 31, 2019.

3. Concentrations

From time to time CAAH maintains cash balances in banks that are insured by FDIC insurable limits. Management periodically evaluates the integrity of the entities that hold the organization's cash.

CAAH derives the majority of its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on the organization. The organization also relies on various grants and donations from local foundations, churches, and individuals for a significant portion of its support.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019**

3. Concentrations - Continued

For the year ended December 31, 2019 the organization had one contract that exceeded 10% of total revenue and accounts receivable.

	<u>Revenue</u>	<u>A/R</u>
Contract 1	36%	64%

4. Commitments and Contingencies

CAAH receives contracts and donations for specific purposes from various entities that are subject to examination. Such examinations could lead to requests for reimbursement to the entity for expenditures disallowed under the terms of the agreement. It is the opinion of management that any potential examinations will not result in any disallowed expenditures.

5. Net Assets with Donor Restrictions

	<u>Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year</u>
One Stop Repairs and Refurbishment	<u>\$ -</u>	<u>\$ 86,500</u>	<u>\$ 8,551</u>	<u>\$ 77,949</u>

During the year CAAH received funding from various donors to support renovations at the One Stop. These donations are recorded as net assets with donor restrictions when received and are released to net assets without donor restrictions once spent for their intended purpose.

6. Liquidity and Availability of Financial Assets

CAAH has \$432,926 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$160,575, accounts receivable of \$171,673, and certificates of deposit of \$100,713. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the organization's liquidity management plan, excess cash is placed in a savings account and two certificates of deposit that can be accessed to meet unexpected liquidity needs or in the event of financial distress.

7. Board of Directors Compensation

The Board of Directors is a voluntary board, therefore, no compensation as been paid to any member due to their board service.

8. Related Party Transactions

CAAH has contracted with the CPA firm in which its Treasurer is a partner to provide bookkeeping services. During the year ended December 31, 2019, CAAH paid the firm \$18,000.

John L. McKowen
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES**

To the Board of Directors
Capital Area Alliance for the Homeless
153 N. 17th Street
Baton Rouge, Louisiana 70802

I have performed the procedures enumerated below, which were agreed to by Capital Area Alliance for the Homeless and the Louisiana Legislative Auditor (the specified parties), on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Organization's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Organization's management.

The Organization provided me with the following list of expenditures made for federal grant awards received during the fiscal year ended December 31, 2019:

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
HUD Emergency Solutions Grant Program	2019	14.231	\$29,500
Total Expenditures			\$29,500

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Society of Louisiana Certified Public Accountants*

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

Six disbursements were selected.

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

All of the disbursements were coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Organization's policies and procedures.

The selected disbursements were approved in accordance with the Organization's policies and procedures.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

The Emergency Solutions Grant Program has no compliance requirements relating to activities allowed or unallowed, eligibility, or reporting.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Organization's financial records; and report whether the amounts in the close-out reports agree with the Organization's financial records.

The program has not yet been closed out.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/llala.nsf>, to determine whether a non-profit Organization is subject to the open meetings law.

Management represented that the Organization is not subject to the open meetings law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the Organization provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The Organization provided documentation that comprehensive budgets were submitted to the City of Baton Rouge Parish of East Baton Rouge, the passthrough entity for the HUD grant, including the purpose and duration of the grant.

State Audit Law

10. Report whether the Organization provided for a timely report in accordance with R.S. 24:513.

The Organization's report was submitted to the Legislative Auditor before the statutory due date of June 30, 2020.

11. Inquire of management and report whether the Organization entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the Organization was not in compliance with R.S. 24:513 (the audit law).

The Organization's management represented that the Organization did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

Not applicable.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Organization's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.



John L. McKowen, CPA
Baton Rouge, Louisiana
June 2, 2020

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)**

May 14, 2020

John McKowen

2178 Myrtle Avenue

Baton Rouge, LA 70806

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication “Open Meeting FAQs,” available on the Legislative Auditor’s website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No Not subject to Open Meetings Law

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

