

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Financial Report
Year Ended June 30, 2019

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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Mr. Lyndon Livingston, Executive Director, and
Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen Action Agency, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Allen Action Agency, Inc. has adopted Accounting Standards Update (ASU) No. 2016-14 as of June 30, 2019. ASU No. 2016-14 improves the current net asset classification requirements and the information presented in the financial statements and notes about liquidity, financial performance, and cash flows. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining statement of financial position, and schedule of grant revenue, are presented for purposes of additional analysis and are 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 November 25, 2019, on our consideration of the Allen 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 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 the effectiveness of Allen 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 Allen Action Agency, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 25, 2019

FINANCIAL STATEMENTS

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Financial Position
June 30, 2019

ASSETS

Current assets:	
Cash	\$ 89,262
Grant receivable	<u>6,801</u>
Total current assets	96,063
Property and equipment, net	587,533
Other assets	<u>225</u>
Total assets	<u>\$ 683,821</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 3,264
Accrued salaries and related benefits	11,912
Deferred revenue	2,314
Note payable	<u>34,132</u>
Total current liabilities	51,622
Noncurrent liabilities:	
Note payable	<u>25,450</u>
Total liabilities	<u>77,072</u>
Net assets:	
Without donor restrictions	<u>606,749</u>
Total liabilities and net assets	<u>\$ 683,821</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>
Revenues, gains, and other support:	
Government grants	\$ 1,365,514
Local grants	56,695
Donated services and facilities	<u>432,884</u>
Total revenues, gains, and other support	<u>1,855,093</u>
Expenses:	
Program services -	
Energy Assistance Programs	21,124
Emergency Food Shelter Programs	5,712
Local grants	41,315
Food services	93,342
Headstart	<u>1,552,917</u>
Total program services	1,714,410
Support services -	
Management and general -	
Community Services Block Grant	<u>61,413</u>
Total expenses	<u>1,775,823</u>
Change in net assets	79,270
Net assets, beginning	<u>527,479</u>
Net assets, ending	<u>\$ 606,749</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services				Head Start Program	Total Program Services	Support Services	Totals
	Energy Assistance Grants	Emergency Food & Shelter Grants	Local Grants	Food Services Program			Management and General	
Salaries	\$ 7,691	\$ -	\$ 2,373	\$ 29,518	\$ 662,660	\$ 702,242	\$ 45,868	\$ 748,110
Payroll taxes	589	-	192	-	61,812	62,593	3,509	66,102
Retirement	215	-	-	-	14,901	15,116	981	16,097
Total salaries and related expenses	8,495	-	2,565	29,518	739,373	779,951	50,358	830,309
Dues	-	-	-	-	3,558	3,558	-	3,558
Energy assistance	3,854	-	300	-	-	4,154	-	4,154
Food and nutrition	3,323	-	-	63,824	19,833	86,980	-	86,980
Insurance	-	-	-	-	57,805	57,805	469	58,274
Interest expense	-	-	-	-	4,224	4,224	-	4,224
Contributed services and facility costs	-	-	-	-	432,884	432,884	-	432,884
Medical and dental	-	-	-	-	8,621	8,621	-	8,621
Miscellaneous	-	177	14,250	-	10,048	24,475	900	25,375
Other occupancy	340	-	-	-	4,632	4,972	-	4,972
Parent involvement	-	-	3,302	-	1,107	4,409	-	4,409
Printing and advertising	-	-	60	-	425	485	200	685
Professional fees	-	-	-	-	28,408	28,408	1,544	29,952
Rent assistance	-	2,363	-	-	-	2,363	-	2,363
Repairs and maintenance	-	-	-	-	56,382	56,382	-	56,382
Seminars and workshops	-	-	-	-	679	679	-	679
Supplies and materials	4,498	-	18,004	-	45,428	67,930	3,464	71,394
Telephone	257	-	-	-	19,597	19,854	3,462	23,316
Travel	232	-	2,834	-	12,082	15,148	-	15,148
Utilities	125	3,172	-	-	38,252	41,549	1,016	42,565
Total expenses before depreciation	21,124	5,712	41,315	93,342	1,483,338	1,644,831	61,413	1,706,244
Depreciation expense	-	-	-	-	69,579	69,579	-	69,579
Total expenses	<u>\$ 21,124</u>	<u>\$ 5,712</u>	<u>\$ 41,315</u>	<u>\$ 93,342</u>	<u>\$ 1,552,917</u>	<u>\$ 1,714,410</u>	<u>\$ 61,413</u>	<u>\$ 1,775,823</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 79,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	69,579
Increase in grant receivable	(6,305)
Increase in accounts payable	1,442
Increase in accrued salaries and related benefits	329
Decrease in deferred revenue	<u>(4,116)</u>
Net cash provided by operating activities	<u>140,199</u>
Cash flows from financing activities:	
Acquisition of capital assets	(94,031)
Payment on long term debt	<u>(37,185)</u>
Net cash used by capital and related financing activities	<u>(131,216)</u>
Increase in cash and cash equivalents	8,983
Cash and cash equivalents, beginning	<u>80,279</u>
Cash and cash equivalents, ending	<u>\$ 89,262</u>
Supplemental data:	
Interest paid	<u>\$ 4,224</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Headstart Program for Allen Parish. Its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as an organization that is not a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

I. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(2) New Accounting Pronouncement

During the year ended June 30, 2019, the Agency adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously report as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added. See Note 3. These changes also resulted in an increase of beginning net assets without donor restrictions of \$509,362 and a reduction in beginning net assets with donor restrictions of \$509,362.

(3) Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at June 30, 2019:	\$ 96,063
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Food Services Program	(49,631)
Energy Assistance Grants	(1,116)
Parents Fund	<u>(1,367)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 43,949</u>

As part of the Agency's liquidity management, the Agency maintains sufficient cash balances throughout the year through the receipt of grants from Federal, State, and local agencies to support the Agency's objective to conduct various community service programs, including the Headstart Program for Allen Parish, and improve the conditions under which people in the Allen Parish area live.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(4) Due To/From Other Funds

Individual programs' balance of due to and from other funds at June 30, 2019 are as follows. The following balances have been eliminated in the statement of financial position.

	<u>Due from other funds</u>	<u>Due to other funds</u>
Accounts Payable/Payroll	\$ -	\$ 11,415
Food Services	10,372	-
Energy Assistance	1,915	1,006
Emergency Food & Shelter	<u>134</u>	<u>-</u>
	<u>\$ 12,421</u>	<u>\$ 12,421</u>

(5) Property and equipment

Property and equipment at June 30, 2019 consisted of the following:

Land	\$ 10,039
Buildings and improvements	969,033
Furniture, fixtures and equipment	<u>585,618</u>
	1,564,690
Less: Accumulated depreciation	<u>(977,157)</u>
Property and equipment, net	<u>\$ 587,533</u>

Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2019 totaled \$69,579.

(6) Notes Payable

The Agency's note payable balance consisted of the following at June 30, 2019:

Notes payable to Iberia Bank, original amount of \$599,879, due in monthly installments of \$3,451, which includes interest at 10.375%, maturing in October 2021, secured by land and a building.

\$ 59,582

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The annual requirement to amortize the note, including interest of \$10,837, follows:

Year ending June 30,	Payment Due
2020	41,408
2021	18,174
	\$ 59,582

(7) Deferred Revenue

Deferred revenue at June 30, 2019 in the amount of \$2,314 consists of grant funds received from LIHEAP in advance of expenditures which will take place in the next fiscal year.

(8) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(9) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets, or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$432,884 for the year ended June 30, 2019.

(10) Retirement

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary, and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2019, 2018, and 2017 were \$16,097, \$23,323, and \$25,970, respectively.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(11) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2019.

(12) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

(13) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 58,727
Retirement	1,728
Travel	1,012
Reimbursements	961
	<u>\$ 62,428</u>

(14) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services - Headstart program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

The Agency maintains its cash balances at a local financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019, cash balances (bank balances) were fully insured.

(15) Subsequent Events

The Agency has evaluated subsequent events through November 25, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Accounts Payable/Payroll

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

Food Services Program

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Headstart locations.

Community Service Block Grant

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

Head Start Program

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

Energy Assistance Grants

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

Emergency Food and Shelter Grants (United Way)

To account for funds granted by the Emergency Food and Shelter National Board Program.

Parents Fund

To account for local funds received and generated by activities of Headstart participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combining Statement of Financial Position
June 30, 2019

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Emergency Food & Shelter Grants	Parents Fund	Total	Eliminating Entries	Total
ASSETS										
Current assets:										
Cash	\$ 37,148	\$ 49,631	\$ -	\$ -	\$ 1,116	\$ -	\$ 1,367	\$ 89,262	\$ -	\$ 89,262
Grant receivable	-	-	483	-	6,318	-	-	6,801	-	6,801
Due from other funds	-	<u>10,372</u>	-	-	<u>1,915</u>	<u>134</u>	-	<u>12,421</u>	<u>(12,421)</u>	-
Total current assets	37,148	60,003	483	-	9,349	134	1,367	108,484	(12,421)	96,063
Property and equipment, net	-	-	-	587,533	-	-	-	587,533	-	587,533
Other assets	<u>225</u>	-	-	-	-	-	-	<u>225</u>	-	<u>225</u>
Total assets	<u>\$ 37,373</u>	<u>\$ 60,003</u>	<u>\$ 483</u>	<u>\$ 587,533</u>	<u>\$ 9,349</u>	<u>\$ 134</u>	<u>\$ 1,367</u>	<u>\$ 696,242</u>	<u>\$ (12,421)</u>	<u>\$ 683,821</u>
LIABILITIES AND NET ASSETS										
Liabilities -										
Current liabilities:										
Accounts payable	\$ 2,525	\$ -	\$ 483	\$ -	\$ 122	\$ 134	\$ -	\$ 3,264	\$ -	\$ 3,264
Accrued salaries and related benefits	4,557	-	-	7,355	-	-	-	11,912	-	11,912
Due to other funds	11,415	-	-	-	1,006	-	-	12,421	(12,421)	-
Deferred revenue	-	-	-	-	2,314	-	-	2,314	-	2,314
Note payable	-	-	-	<u>34,132</u>	-	-	-	<u>34,132</u>	-	<u>34,132</u>
Total current liabilities	18,497	-	483	41,487	3,442	134	-	64,043	(12,421)	51,622
Non-current liabilities:										
Note payable	-	-	-	<u>25,450</u>	-	-	-	<u>25,450</u>	-	<u>25,450</u>
Total liabilities	18,497	-	483	66,937	3,442	134	-	89,493	(12,421)	77,072
Net assets:										
Without donor restrictions	<u>18,876</u>	<u>60,003</u>	-	<u>520,596</u>	<u>5,907</u>	-	<u>1,367</u>	<u>606,749</u>	-	<u>606,749</u>
Total liabilities and net assets	<u>\$ 37,373</u>	<u>\$ 60,003</u>	<u>\$ 483</u>	<u>\$ 587,533</u>	<u>\$ 9,349</u>	<u>\$ 134</u>	<u>\$ 1,367</u>	<u>\$ 696,242</u>	<u>\$ (12,421)</u>	<u>\$ 683,821</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Grant Revenue
For the Year Ended June 30, 2019

LIHEAP/LACAP	\$ 20,845
Child Care and Development Block Grant	2,520
Food Services Program	93,650
Community Services Block Grant	61,413
Headstart	1,181,477
Emergency Food and Shelter Program	<u>5,609</u>
	<u>\$ 1,365,514</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Mr. Lyndon Livingston, Executive Director
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, 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 Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen Action Agency, Inc.'s internal control over financial reporting (internal control) to determine the 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 the Allen Action Agency Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen Action Agency'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2019-002.

Allen Action Agency, Inc.'s Response to Findings

Allen Action Agency, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Allen Action Agency, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 25, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Lyndon Livingston, Executive Director,
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on Compliance for the Major Federal Program

We have audited Allen 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 the Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2019. Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Allen Action Agency, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allen Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Allen Action Agency, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Allen Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Allen Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allen Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allen Action Agency, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 25, 2019

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
U. S. Department of Health and Human Services:		
Headstart	93.600	\$ 1,181,477
Passed through the Louisiana Department of Education - CCDF Cluster -		
Child Care and Development Block Grant	93.575	2,520
Passed through Louisiana Housing Finance Agency -		
Low-Income Home Energy Assistance	93.568	20,845
Passed through the Louisiana Department of Labor -		
Community Services Block Grant Cluster -		
Community Service Block Grant	93.569	<u>61,413</u>
 Total Department of Health and Human Services		 <u>1,266,255</u>
U. S. Department of Agriculture:		
Passed through Louisiana Department of Education -		
Child and Adult Care Food Program	10.558	<u>93,342</u>
U.S. Department of Homeland Security:		
Passed through United Way -		
Emergency Food and Shelter Program	97.024	<u>5,609</u>
 Total expenditures of federal awards		 <u>\$ 1,365,206</u>

The accompanying notes are an integral part of this schedule.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2019. 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 the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$ 1,775,823
Add: Principal note payments	37,185
Equipment additions	94,031
Less: In-kind contributions	(432,884)
Depreciation	(69,579)
Non-federal expense	<u>(39,370)</u>
Total expenditures per schedule of federal awards	<u>\$ 1,365,206</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Allen Action Agency, Inc. were prepared in accordance with GAAP.
2. There was one significant deficiency and no material weaknesses in internal control disclosed by the audit of the financial statements.
3. One instance of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The major program was the U.S. Department of Health and Human Services - Headstart Program, CFDA No. 93.600.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Allen Action Agency, Inc. was determined to be a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings –

2019-001 Untimely Reporting of Theft

Fiscal year finding initially occurred: 2019

CONDITION: The Agency learned of the misappropriation of fundraiser collections in December 2018 and did not notify the Legislative Auditor or the District Attorney until October 2019.

CRITERIA: State law [Louisiana Revised Statute (R.S. 24:523 A)] states that an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

CAUSE: The cause of the condition is the fact that management misinterpreted the time requirements of LA R.S. 24:523 A.

EFFECT: The failure to notify the Legislative Auditor and District Attorney of the misappropriation of a public asset for ten months after knowledge of the misappropriation violates LA R.S. 24:523 A.

RECOMMENDATION: Management should notify the Legislative Auditor and the District Attorney immediately when misappropriation is identified.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Agency will timely notify the Legislative Auditor and the District Attorney of any misappropriations in the future.

B. Internal Control Findings –

2019-002 Theft of Assets

Fiscal year finding initially occurred: 2019

CONDITION: After receiving complaints from parents regarding the nonreceipt of items ordered through a class fundraiser, an internal investigation determined that approximately \$2,300 was misappropriated by an employee of one of the Agency's Headstart Centers. Restitution has not been made, and the individual believed to have misappropriated the funds is no longer employed by the Agency. No police report was filed. The Louisiana Legislative Auditor and the District Attorney were notified of the incident ten months later.

CRITERIA: Proper security and internal controls are necessary to safeguard Agency property and assets.

CAUSE: The cause of the condition is the fact that the Agency employees did not follow procedures in place to reconcile fundraiser collections and related order forms.

EFFECT: Failure to follow internal control procedures increases the risk that theft will occur.

RECOMMENDATION: Management should evaluate security controls to ensure they are adequate and functioning properly.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Agency will adhere to controls in place over fundraiser collections to mitigate these types of risks. As of the date of this report, restitution has not been made.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200.516(a):

A. Compliance Finding -

There were no compliance findings noted.

B. Internal Control Finding –

There were no internal control findings noted.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Board Members of
Allen Action Agency, Inc., and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Allen Action Agency, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Allen Action Agency's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above.

c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

- 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 (e.g., determining the reasonableness of fuel card purchases)

Written polices and procedures were obtained and address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written polices and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Not applicable to entity.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable to entity.

- 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.

Written policies and procedures were obtained and do not address the functions noted above.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit*

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.

- 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 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.

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:

Obtained a listing of client bank accounts for the fiscal period from management and 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);

No exceptions noted.

- 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

None of the reconciliations tested included evidence that a member of management/board member 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.

Two out of the five accounts tested had outstanding items for more than 12 months and did not contain any evidence of management researching these items.

One out of the five accounts tested had outstanding items listed that were not dated, therefore, it was impossible to determine if they were outstanding for more than twelve months. There was also no evidence of management researching those items.

Collections (excluding EFTs)

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).

Obtained a listing of deposit sites for the fiscal period where deposits are prepared and 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:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Written documentation was obtained and addressed the functions noted above.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management asserted that all employees who have access to cash are covered by a bond or 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- 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).

One out of the ten deposits selected was not made within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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).
Obtained a listing of locations that process payments for the fiscal period and 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.
No exceptions noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - 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.
Exception noted. The same employee that is responsible for processing payments is also responsible for adding/modifying 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.
No exceptions noted. Proper segregation of duties appears to be in place.
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 that the disbursement matched the related original invoice/billing statement.
No exceptions noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

(The following procedures were not performed since there were no exceptions in the prior year.)

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
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 that 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) was 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.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
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). For each transaction, observe that 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.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

(The following procedures were not performed since there were no exceptions in the prior year.)

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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that 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 that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

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

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

- 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 salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures are not applicable, because Allen Action Agency, Inc. is a non-profit entity.)

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures are not applicable, because Allen Action Agency, Inc. is a non-profit entity.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
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).

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

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.
24. Observe that 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.

Management's Response:

Management of Allen Action Agency, Inc. concurs with the exceptions and are working to address the deficiencies identified.

We were 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 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.

The purpose of this report is 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 25, 2019