

**ST. MARTIN, IBERIA, LAFAYETTE
COMMUNITY ACTION AGENCY, INC.**

Financial Report

Year Ended May 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 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.

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.

Auditors' 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 auditors' 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 the St. Martin, Iberia, Lafayette Community Action Agency, Inc. as of May 31, 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.

Emphasis of Matters

As described in Note 2, the previously issued financial statements have been restated to correct misstatements. There have been no changes to our opinion on the May 31, 2018 financial statements as a result of these restatements.

As discussed in Note 3 to the financial statements, the St. Martin, Iberia, Lafayette Community Action Agency, Inc. adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 25 through 37 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 44, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 January 31, 2020, on our consideration of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
January 31, 2020

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Financial Position

May 31, 2019

ASSETS

Current assets:	
Cash	\$ 569,002
Receivables:	
Grant funds	472,812
Prepaid expenses	<u>39,561</u>
Total current assets	1,081,375
Property and equipment (net)	<u>313,301</u>
Total assets	<u>\$ 1,394,676</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 88,656
Accrued salaries and related benefits	52,032
Grant funds payable	862,912
Current portion of notes payable	45,807
Retirement plan payable	15,155
Compensated absences	<u>21,181</u>
Total current liabilities	1,085,743
Long-term liabilities:	
Notes payable, less current portion	<u>49,960</u>
Total liabilities	<u>1,135,703</u>

NET ASSETS

Without donor restrictions	(152,222)
With donor restrictions	<u>411,195</u>
Total net assets	<u>258,973</u>
Total liabilities and net assets	<u>\$ 1,394,676</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities
 Year Ended May 31, 2019
 With Summarized Financial Information for the Year Ended May 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	Summarized 2018
Revenues, gains, and other support:				
Public support -				
Donations	\$ 55	\$ 7,465	\$ 7,520	\$ 6,545
Grants from governmental agencies	1,953	4,441,289	4,443,242	6,849,140
Other revenue -				
Miscellaneous	216,842	42,395	259,237	521,406
Net assets released from restrictions -				
Restrictions satisfied by payments	<u>4,645,741</u>	<u>(4,645,741)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>4,864,591</u>	<u>(154,592)</u>	<u>4,709,999</u>	<u>7,377,091</u>
Expenses and losses:				
Program services -				
Transportation	488,021	-	488,021	454,969
CSBG	939,038	-	939,038	951,240 *
Food Reimbursement	73	-	73	39,047
Shelter Fund	-	-	-	50
LYFE	4,130	-	4,130	6,895
Local Government Support	53,786	-	53,786	78,002
St. Martin Parish Emergency Assistance	(168)	-	(168)	12,947
Iberia Food & Medical	4,156	-	4,156	12,669
Iberia Emergency Food & Shelter	18,164	-	18,164	9,000
Head Start	34,162	-	34,162	1,028,390 *
RSVP	51,219	-	51,219	48,653
Cookbook Fund	3,172	-	3,172	7,886
HUD	8,140	-	8,140	17,162
Home Energy Assistance	3,031,095	-	3,031,095	3,759,656
Computer Technology	1,553	-	1,553	1,552
EITC	<u>2,811</u>	<u>-</u>	<u>2,811</u>	<u>1,941</u>
Total program services	<u>4,639,352</u>	<u>-</u>	<u>4,639,352</u>	<u>6,430,059 *</u>

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*As restated, see note 2

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	Summarized 2018
Supporting services -				
General	339,441	-	339,441	282,656
Indirect Cost Pool	43,367	-	43,367	254,597 *
Total supporting services	382,808	-	382,808	537,253 *
Loss on disposals of equipment	-	-	-	444,772 *
Total expenses and losses	5,022,160	-	5,022,160	7,412,084 *
Change in net assets	(157,569)	(154,592)	(312,161)	(34,993) *
Net assets, beginning of year	5,347	565,787 *	571,134 *	606,127 *
Net assets, end of year	\$ (152,222)	\$ 411,195	\$ 258,973	\$ 571,134 *

*As restated, see note 2

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses
 Year Ended May 31, 2019
 With Summarized Comparative Totals for the Year Ended May 31, 2018

	PROGRAM SERVICES	SUPPORTING SERVICES		Totals	
	Grants and Other	Management and General	Indirect Cost Pool	2019	Summarized 2018
Salaries and wages	\$ 930,354	\$ -	\$ -	\$ 930,354	\$ 1,814,557
Fringe benefits	86,341	-	7,805	94,146	167,599
Retirement plan	14,642	-	-	14,642	(420,498) *
Total salaries and related expenses	<u>1,031,337</u>	<u>-</u>	<u>7,805</u>	<u>1,039,142</u>	<u>1,561,658</u> *
Contract services	150,178	138,908	20,187	309,273	348,025
Travel	7,607	6,665	-	14,272	29,183
Consumable supplies	55,076	8,065	4,523	67,664	51,156
Space costs	189,792	915	6,042	196,749	327,151
Repairs and maintenance	137,571	8,949	10,954	157,474	230,285
Operating services	2,950,235	67,110	11,038	3,028,383	4,166,710
Other	59,372	65,490	6,078	130,940	105,621
Interest	-	11,419	-	11,419	10,743
Indirect costs	24,651	-	(25,811)	(1,160)	5,804
Total other expenses before depreciation	<u>3,574,482</u>	<u>307,521</u>	<u>33,011</u>	<u>3,915,014</u>	<u>5,274,678</u>
Depreciation	<u>33,533</u>	<u>31,920</u>	<u>2,551</u>	<u>68,004</u>	<u>130,976</u>
Total functional expenses	<u>\$ 4,639,352</u>	<u>\$ 339,441</u>	<u>\$ 43,367</u>	<u>\$ 5,022,160</u>	<u>\$ 6,967,312</u> *

*As restated, see note 2

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Cash Flows
Year Ended May 31, 2019

Cash flows from operating activities:	
Change in net assets	<u>\$ (312,161)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	68,004
Loss on disposal of assets	-
(Increase) decrease in operating assets -	
Grant receivables	58,344
Prepaid expenses	(303)
Increase (decrease) in operating liabilities -	
Accounts payable	(60,068)
Accrued salaries and related benefits	(8,698)
Retirement plan payable	(2,917)
Compensated absences	(2,734)
Total adjustments	<u>51,628</u>
Net cash used in operating activities	(260,533)
Cash flows from investing activities:	
Purchase of property and equipment	(33,409)
Cash flows from financing activities:	
Payments on notes payable	<u>(41,965)</u>
Net decrease in cash and cash equivalents	(335,907)
Beginning cash and cash equivalents	<u>904,909</u>
Ending cash and cash equivalents	<u>\$ 569,002</u>
Supplemental disclosures:	
Cash paid during year for interest	<u>\$ 11,419</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The St. Martin, Iberia, Lafayette Community Action Agency, Inc. (Agency) was created under the Economic Opportunity Act of 1964, as amended, to serve as the antipoverty agency, providing human services for the indigent and disadvantaged through research, planning, development, financing, implementation and evaluation of programs, either directly or through coordinating with other agencies, to attain social and economic independence for the benefit of all present and future generations of disadvantaged people in the Tri-Parish area. St. Martin, Iberia, Lafayette Community Action Agency, Inc. is comprised of eighteen board members, who are equal in numbers from the Community Action Councils of the St. Martin, Iberia, and Lafayette Parishes of Louisiana.

St. Martin, Iberia, Lafayette Community Action Agency, Inc. receives substantially all of its revenue from various Federal and State grant programs.

B. Basis of Accounting

The Agency's financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

C. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

E. Property and Equipment

Property and equipment is capitalized at cost. All federal program assets costing \$5,000 or more are capitalized and all state program assets costing \$250 or more are capitalized. Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment has to be approved and the proceeds from the sale are restricted. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

placed in service. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of assets as follows:

Computers	3 years
Furnitures, fixtures, and equipment	7-10 years
Automobiles	5 years
Buildings and improvements	15-20 years

F. Net assets and restrictions

Net assets without donor restrictions represent expendable funds available for operations which are not otherwise limited by donor restrictions. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds.

G. Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates and time and effort.

H. Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. Vacation and sick leave are accrued at a rate of four to six hours per pay period depending on number of years of service for a maximum of 156 hours. Unused time (up to 72 hours) can be carried over. However, time must be used within the first three months of the following year or it is lost. Upon separation from employment, an employee shall receive vacation pay for all unused vacation accrued. Employees are not paid for unused sick leave at the time of separation. At May 31, 2019, there is a liability reported in the financial statements for accrued compensated absences of \$21,181.

I. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

assumptions that affect the 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. Actual results could differ from those estimates.

K. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency’s audited financial statements for the year ended May 31, 2018, from which the summarized information was derived.

L. Reclassifications

Certain items in the 2018 financial statements have been changed for comparability purposes with the 2019 financial statements.

(2) Restatements - Correction of Errors

Management discovered that previously issued financial statements did not properly reflect the disposal of some property and equipment (Head Start Fund). This error was caused by oversight. The previously issued financial statements reflected an overstatement of retirement plan payable (CSBG Fund, Head Start Fund, and Indirect Cost Pool Fund). This error was the result of the payable calculation being based on annual salaries instead of eligible salaries. Finally, the previously issued financial statements reported net position in the Head Start Fund as opposed to grant funds payable. This error resulted from a ‘re-assessment’ of the ownership of this Fund’s assets. As such, the net position was reclassified as grant funds payable. These errors had an impact on previously reported change in net assets of (\$48,000). These errors had no impact on current year change in net assets.

The effect of the restatements on net assets for the applicable funds and in total (all funds) is as follows:

	<u>CSBG</u>	<u>Head Start</u>	<u>Indirect Cost Pool</u>	<u>All funds</u>
Net assets, with restrictions, May 31, 2018, (as previously reported)	\$ 119,836	\$ 940,229	\$ 68,999	\$ 1,482,046
Effect of restatement (loss on asset disposal)	-	(83,864)	-	(83,864)
Effect of restatement (retirement expense)	1,624	33,660	580	35,864
Effect of restatement (classification change)	<u>-</u>	<u>(862,912)</u>	<u>-</u>	<u>(862,912)</u>
Net assets, with restrictions, May 31, 2018, (as restated)	<u>\$ 121,460</u>	<u>\$ 27,113</u>	<u>\$ 69,579</u>	<u>\$ 571,134</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

The effect of the restatement on property and equipment, grant funds payable and retirement plan payable as of May 31, 2018 and the effect of the restatement on the change in net assets for the year ended May 31, 2018 are as follows:

	Property and Equipment	Grant funds payable	Retirement plan payable	Change in net assets
Balance, May 31, 2018 (as previously reported)	\$ 431,760	\$ -	\$ 53,936	\$ 13,007
Effect of restatement (loss on asset disposal)	(83,864)	-	-	(83,864)
Effect of restatement (retirement plan expense)	-	-	(35,864)	35,864
Effect of restatement (classification change)	-	862,912	-	-
Balance, May 31, 2018 (as restated)	<u>\$ 347,896</u>	<u>\$ 862,912</u>	<u>\$ 18,072</u>	<u>\$ (34,993)</u>

(3) Change in Accounting Principle

During the year ended May 31, 2019, the Agency adopted the requirements of 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 presented in the financial statements. Amounts previously reported as unrestricted net assets are reported as net assets without donor restrictions and amounts previously reported as temporarily and permanently restricted net assets are reported as net assets with donor restrictions. A footnote on liquidity and availability of financial assets has been added (Note 8). These changes had no effect on previously reported net assets.

(4) Concentration of Credit Risk

The Agency maintains cash balances (book balances) at five financial institutions totaling \$569,002. These deposits are stated at cost, which approximates market. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of May 31, 2019, the uninsured balance is \$142,528.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(5) Due To/From Other Funds

Individual balances due to/from other funds at May 31, 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>
Transportation	\$ 28,655	\$ 174,058
CSBG	74,811	124,940
Food Reimbursement	7,515	7,013
Shelter Fund	1,500	-
LYFE	1,863	-
Local Government Support	-	140,855
Iberia Food and Medical	1,042	2,486
Lafayette Food and Shelter	17,858	-
Iberia Food and Shelter	-	6,000
Head Start	681,575	-
RSVP	1,204	3,219
Cookbook Fund	-	3,470
HUD	6,948	3,978
Payroll Fund	306,158	362,395
Accounts Payable	145,176	132,300
Home Energy Assistance	10,945	59,128
General Fund	39,314	309,474
Indirect Cost Fund	18,724	8,988
EITC	-	4,586
Disaster Fund	-	398
	<u>\$ 1,343,288</u>	<u>\$ 1,343,288</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(6) Restrictions on Net Assets

Net assets with donor restrictions are restricted for the following purposes at May 31, 2019:

CSBG	\$ 107,271
Food Reimbursement	41,924
Shelter Fund	1,743
LYFE	1,875
Local Government Support	26,821
St. Martin Parish Emergency Assistance	1,841
Iberia Food & Medical	1,468
Iberia Parish Special Trust	157
Lafayette Emergency Food & Shelter	18,729
Iberia Emergency Food & Shelter	21
Medicaid Enrollment	2,390
HUD	9,078
Home Energy Assistance	132,712
Indirect Cost Pool	28,099
Computer Technology	17,860
United Way	2,781
EITC	16,236
Pugh Family Trust	189
Total	<u>\$ 411,195</u>

Use of assets is governed by grant program. All funds can be spent in the next fiscal year.

(7) Contingencies

A. Contingent Liabilities

There is one pending litigation against the St. Martin, Iberia, Lafayette Community Action Agency, Inc. as of May 31, 2019 where a settlement agreement was reached; \$5,379 was accrued as it relates to this matter. There is one threatened litigation where a compromise was reached; \$1,000 was accrued as it relates to this matter. There is one pending litigation that is premature for evaluation regarding exposure. Accordingly, no accrual has been recorded.

B. Grant Audits

The Agency receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the grantor agency and the Agency. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Agency's financial position.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(8) Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$ 569,002
Grant receivables	<u>472,812</u>
Total financial assets available within one year	<u>1,041,814</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors to maintain principal	<u>-</u>
Total amounts unavailable for general expenditures within one year	<u>-</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,041,814</u>

(9) Retirement Plan

Plan Description: The St. Martin, Iberia, Lafayette Community Action Agency, Inc. contributes to a defined contribution plan administered under a contract with Mutual of America. Mutual of America receives the plan contributions, maintains participants' individual accounts, offers the investment options and pays benefits to participants and their beneficiaries.

Funding Policy: The retirement plan covers all employees who have one year of service and are age eighteen or older. The Agency will contribute to the plan the amount determined by the Agency at its discretion. The Agency may choose not to contribute to the plan for a particular plan year. Participants can contribute any amount from 1% to 16% of their compensation each pay period provided that the participant does not contribute more than the maximum permitted by law. In the years ended May 31, 2019 and May 31, 2018 the Board approved a contribution rate of 3%. The Agency contribution for the year ending May 31, 2019 was \$14,642.

(10) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants administered by the U.S. Department of Health and Human Services. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(11) In-Kind Contributions

The Agency is allowed free use of certain facilities by landlords and receives donated services by individuals. In-kind contributions are valued at the fair market value of the rent or services donated on the date of donation. Fair market value of contributed services received by the RSVP program was \$5,568. The value of these services was not reflected in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

(12) Property and Equipment

Property and equipment at May 31, 2019 consists of the following:

Furniture, fixtures and equipment	\$ 279,447
Automobiles	299,833
Buildings and improvements	1,080,422
Land	<u>28,800</u>
Total	1,688,502
Less: Accumulated depreciation	<u>(1,375,201)</u>
Property and equipment, net	<u>\$ 313,301</u>

Depreciation expense for the year ended May 31, 2019 was \$68,004.

(13) Notes Payable

The Agency's note payable balance consists of the following at May 31, 2019:

Note payable to Capital One, original amount of \$500,000, due in monthly installments of \$4,449, which includes interest at a rate of 4.7 percent, maturing December 2021, secured by building.

\$ 95,767

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

The following table is the maturity of the notes payable:

<u>Year ending May 31,</u>	<u>Amount</u>
2020	\$ 45,807
2021	49,960
2022	-
2023	-
2024	-
Total	<u>\$ 95,767</u>

The total amount of interest charged to expense for the year ended May 31, 2019 is \$11,419. It is the Agency's intent to use local funds to retire this debt each year.

(14) Line of Credit

The Agency has an available line of credit of \$100,000 as of May 31, 2019. The line is unsecured. Amounts borrowed under this agreement bear interest at a rate of 4.25% per annum. The balance outstanding on the line as of May 31, 2019 was \$0.

(15) Operating Leases

The Agency is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of these agreements are not reflected in property and equipment.

Rent expense for the year ended May 31, 2019 was \$139,992. The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of May 31, 2019:

<u>Year Ending May 31,</u>	<u>Amounts</u>
2020	\$ 38,702
2021	29,603
2022	24,120
2023	4,020
2024	-
Total minimum payments required	<u>\$ 96,445</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(16) ACT 706 – Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the Agency is required to disclose the compensation, reimbursements, benefits, and other payments made to the chief executive officer, in which the payments are related to the position. The following is a schedule of payments made to the chief executive officer for the year ended May 31, 2019.

Entity head: Craig A. Mathews, Chief Executive Officer

Salary	\$ 72,679
Per diem	982
Reimbursements	130
Registration fees	1,815
Conference travel	<u>3,039</u>
	<u>\$ 78,645</u>

(17) Subsequent Events

Subsequent events have been evaluated through January 31, 2020, the date of the financial statement issuance. On December 31, 2019, the Department of Health and Human Services Departmental Appeals Board Appellate Division ruled in favor of SMILE. The Court reversed the termination of SMILE's designation and funding as a Head Start/Early Head Start grantee. As a result of the court's decision, SMILE is now allowed to re-apply for the Head Start grant. The process of re-applying is currently underway.

(18) Going Concern

In the year-ended May 31, 2018, there was a going concern disclosure with the following information:

In July of 2017, the Head Start program, which was one of SMILE's largest grant programs, was terminated by the grantor. In addition, there was employee turnover in a significant number of key positions within the Agency. These two events raised the issue of the ability of the Agency to continue as a going concern.

Management evaluated the conditions above as they relate to the ability of the Agency to meet its obligations and to continue as a going concern. The following were part of management's evaluation:

1. Management is continually evaluating costs and eliminating any unnecessary spending;
2. Management is pursuing other grants/funding sources to replace what has been lost; and
3. Management received notification of a renewal of a large grant program. The program is for the period October 2018 through September 2020 and the award amount is approximately \$1,000,000.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

As a result, management believes the Agency will be able to continue as a going concern.

In the year ended May 31, 2019, the Agency continued to work through its challenges. The Agency had a net loss for the year of (\$312,161). In addition, the net assets, without donor restrictions, is a negative balance.

Management's current evaluation includes the items noted in the prior fiscal year as well as the following additional items:

1. Management is in the process of initiating a line of credit for \$100,000.
2. Management has budgeted a break-even for the year ended May 31, 2020.
3. Management is writing and soliciting grants on a continual basis, including housing initiative grants.
4. The Board is engaging in fund-raising, soliciting of funds, etc.
5. Management views the item disclosed in Note (17) as a huge positive factor for the Agency.

As a result of the above enumerated items, management believes that the Agency will continue as a going concern.

SUPPLEMENTARY INFORMATION

SCHEDULE OF INDIVIDUAL FUNDS

DIRECT FEDERAL PROGRAMS

Department of Health and Human Services

Head Start Program/Early Childhood

The Head Start Program provides comprehensive early child development for disadvantaged pre-school children and their families. As part of this program, the grantee also operates a food program for qualifying students on a cost reimbursement basis through the United States Department of Agriculture.

Training and Technical Assistance Programs

This special grant provides for the training and certification of Head Start Program instructors.

Handicapped Program

This grant extends the Head Start Program to include handicapped children.

The Corporation for National Service

Retired Senior Volunteer Program (RSVP)

The purpose of this grant is to involve senior citizens in community participation projects.

Department of Education

The Community Technology Centers Program allows the Agency to provide computer technology classes to qualified individuals.

INDIRECT FEDERAL PROGRAMS

The Agency receives federal funds as the subgrantee of various departments of the State of Louisiana. The various state departments have the ultimate responsibility of reporting to the federal grantors.

Transportation

Provides transportation for participants and their designated children. Also, provides funds to the Transportation program to help provide services to the underprivileged.

Department of Labor

The Community Services Block Grant Program (CSBG) provides various direct program services to the needy and defrays a portion of the Agency's administrative costs.

Department of Education

The Child Care Feeding Program (Food Reimbursement) provides balanced meals to qualified children and adults in the Tri-Parish area Child Development Programs.

Emergency Food and Shelter National Board Program

This grant provides emergency food and shelter assistance to qualified individuals in the parishes of St. Martin, Iberia and Lafayette.

Department of Housing and Urban Development

Comprehensive Housing Counseling Grant Program provides counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management and literacy, and such other matters as may be appropriate to assist program clients in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership.

Department of Social Services

Low Income Home Energy Assistance Program - This program provides direct payments to home energy suppliers on behalf of eligible households.

Department of Social Services

Earned Income Tax Credit (EITC) Program - This program provides outreach and tax preparation services for low-income individuals and families.

Department of Health and Human Services

Medicaid Enrollment - This grant allows the Agency to offer outreach medicaid eligibility services to specific groups of individuals by assisting potential medicaid eligibles to complete an initial application for health care coverage and in some instances by assisting medicaid beneficiaries with the recertification process.

LOCAL PROGRAMS

The Agency receives grants from local governmental bodies and non-profit organizations.

Louisiana Youth for Excellence (LYFE)

To promote positive youth development and to build awareness of consequences for at-risk behaviors for today's vulnerable youth such as children in foster care, children in poverty, and children in juvenile detention centers.

Local Government Support (Matching Fund)

Programs that provide supplementary assistance for established programs or matching requirements for established programs.

St. Martin Parish Emergency Assistance

Funded by local contributions, this program provides emergency energy, rent and medical assistance to the qualified elderly of St. Martin Parish.

Iberia Food and Medical

Funded by United Way of Iberia and other local grants and contributions, this grant provides medical and food assistance on a one time basis to qualified individuals in Iberia Parish.

Disaster

Set up due to Hurricanes Katrina and Rita to assist evacuees seeking assistance with rental and utility deposits in order to relocate.

United Way

To target 30 low-income families in St. Martin Parish to educate them on finances and maintaining a saving account for emergencies.

Pugh Family Trust Grant/Community Foundation of Acadiana

To provide computer technology workshops and a resource center for disadvantaged individuals in St. Martin, Iberia and Lafayette Parishes. Workshops include Computer Basics, Internet Basics and MS Word for Beginners. Workshops enable participants to become computer literate so that they can have the skills necessary to achieve more independent living – use a computer, create a résumé, fill out an online job application, establish an email account, etc. The workshops are free to persons who are 200% below the federal poverty guidelines. Participants receive "Certificates of Completion" for each workshop.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position

May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	<u>Transportation</u>	<u>CSBG</u>	<u>Food Reimbursement</u>	<u>Shelter Fund</u>
ASSETS				
Current assets:				
Cash	\$ 1,298	\$ 3,670	\$ 41,517	\$ 243
Receivables:				
Grant funds	74,456	176,083	-	-
Due from other funds	28,655	74,811	7,515	1,500
Prepaid expenses	<u>12,494</u>	<u>5,012</u>	<u>-</u>	<u>-</u>
Total current assets	116,903	259,576	49,032	1,743
Property and equipment (net)	<u>35,799</u>	<u>166</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 152,702</u>	<u>\$ 259,742</u>	<u>\$ 49,032</u>	<u>\$ 1,743</u>
LIABILITIES				
Current liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Due to other funds	174,058	124,940	7,013	-
Accounts payable	3,432	9,805	-	-
Accrued salaries and related benefits	1,099	5,278	95	-
Grant funds payable	-	-	-	-
Current portion of notes payable	-	-	-	-
Retirement plan payable	-	-	-	-
Compensated absences	<u>2,278</u>	<u>12,448</u>	<u>-</u>	<u>-</u>
Total current liabilities	180,867	152,471	7,108	-
Long-term liabilities:				
Notes payable, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>180,867</u>	<u>152,471</u>	<u>7,108</u>	<u>-</u>
NET ASSETS				
Without donor restrictions	(28,165)	-	-	-
With donor restrictions	<u>-</u>	<u>107,271</u>	<u>41,924</u>	<u>1,743</u>
Total net assets	<u>(28,165)</u>	<u>107,271</u>	<u>41,924</u>	<u>1,743</u>
Total liabilities and net assets	<u>\$ 152,702</u>	<u>\$ 259,742</u>	<u>\$ 49,032</u>	<u>\$ 1,743</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	LYFE	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance	Iberia Food & Medical	Iberia Parish Special Trust
ASSETS					
Current assets:					
Cash	\$ -	\$ 41,696	\$ 1,841	\$ 2,305	\$ 157
Receivables:					
Grant funds	-	-	-	632	-
Due from other funds	1,863	-	-	1,042	-
Prepaid expenses	<u>12</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	1,875	41,860	1,841	3,979	157
Property and equipment (net)	<u>-</u>	<u>125,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,875</u>	<u>\$ 167,803</u>	<u>\$ 1,841</u>	<u>\$ 3,979</u>	<u>\$ 157</u>
LIABILITIES					
Current liabilities:					
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	140,855	-	2,486	-
Accounts payable	-	127	-	25	-
Accrued salaries and related benefits	-	-	-	-	-
Grant funds payable	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Retirement plan payable	-	-	-	-	-
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	-	140,982	-	2,511	-
Long-term liabilities:					
Notes payable, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>140,982</u>	<u>-</u>	<u>2,511</u>	<u>-</u>
NET ASSETS					
Without donor restrictions	-	-	-	-	-
With donor restrictions	<u>1,875</u>	<u>26,821</u>	<u>1,841</u>	<u>1,468</u>	<u>157</u>
Total net assets	<u>1,875</u>	<u>26,821</u>	<u>1,841</u>	<u>1,468</u>	<u>157</u>
Total liabilities and net assets	<u>\$ 1,875</u>	<u>\$ 167,803</u>	<u>\$ 1,841</u>	<u>\$ 3,979</u>	<u>\$ 157</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter	Head Start	RSVP	Medicaid Enrollment	Cookbook Fund
ASSETS						
Current assets:						
Cash	\$ 871	\$ -	\$ 183,558	\$ -	\$ 2,390	\$ 12,359
Receivables:						
Grant funds	-	6,083	-	-	-	-
Due from other funds	17,858	-	681,575	1,204	-	-
Prepaid expenses	-	-	1,186	739	-	-
Total current assets	<u>18,729</u>	<u>6,083</u>	<u>866,319</u>	<u>1,943</u>	<u>2,390</u>	<u>12,359</u>
Property and equipment (net)	-	-	-	-	-	-
Total assets	<u>\$ 18,729</u>	<u>\$ 6,083</u>	<u>\$ 866,319</u>	<u>\$ 1,943</u>	<u>\$ 2,390</u>	<u>\$ 12,359</u>
LIABILITIES						
Current liabilities:						
Bank overdraft	\$ -	\$ 62	\$ -	\$ 14,139	\$ -	\$ -
Due to other funds	-	6,000	-	3,219	-	3,470
Accounts payable	-	-	152	159	-	1,528
Accrued salaries and related benefits	-	-	3,254	-	-	-
Grant funds payable	-	-	862,912	-	-	-
Current portion of notes payable	-	-	-	-	-	-
Retirement plan payable	-	-	-	-	-	-
Compensated absences	-	-	1	1,282	-	-
Total current liabilities	<u>-</u>	<u>6,062</u>	<u>866,319</u>	<u>18,799</u>	<u>-</u>	<u>4,998</u>
Long-term liabilities:						
Notes payable, less current portion	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,062</u>	<u>866,319</u>	<u>18,799</u>	<u>-</u>	<u>4,998</u>
NET ASSETS						
Without donor restrictions	-	-	-	(16,856)	-	7,361
With donor restrictions	<u>18,729</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>2,390</u>	<u>-</u>
Total net assets	<u>18,729</u>	<u>21</u>	<u>-</u>	<u>(16,856)</u>	<u>2,390</u>	<u>7,361</u>
Total liabilities and net assets	<u>\$ 18,729</u>	<u>\$ 6,083</u>	<u>\$ 866,319</u>	<u>\$ 1,943</u>	<u>\$ 2,390</u>	<u>\$ 12,359</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	<u>HUD</u>	<u>Payroll</u>	<u>Accounts Payable</u>	<u>Home Energy Assistance</u>	<u>General</u>
ASSETS					
Current assets:					
Cash	\$ 6,108	\$ 94,952	\$ -	\$ 6,753	\$ 135,387
Receivables:					
Grant funds	-	-	-	210,111	-
Due from other funds	6,948	306,158	145,176	10,945	39,314
Prepaid expenses	-	-	-	5,669	3,114
Total current assets	<u>13,056</u>	<u>401,110</u>	<u>145,176</u>	<u>233,478</u>	<u>177,815</u>
Property and equipment (net)	-	-	-	-	145,837
Total assets	<u>\$ 13,056</u>	<u>\$ 401,110</u>	<u>\$ 145,176</u>	<u>\$ 233,478</u>	<u>\$ 323,652</u>
LIABILITIES					
Current liabilities:					
Bank overdraft	\$ -	\$ -	\$ 9,161	\$ -	\$ -
Due to other funds	3,978	362,395	132,300	59,128	309,474
Accounts payable	-	-	3,715	36,466	32,807
Accrued salaries and related benefits	-	23,560	-	-	166
Grant funds payable	-	-	-	-	-
Current portion of notes payable	-	-	-	-	45,807
Retirement plan payable	-	15,155	-	-	-
Compensated absences	-	-	-	5,172	-
Total current liabilities	<u>3,978</u>	<u>401,110</u>	<u>145,176</u>	<u>100,766</u>	<u>388,254</u>
Long-term liabilities:					
Notes payable, less current portion	-	-	-	-	49,960
Total liabilities	<u>3,978</u>	<u>401,110</u>	<u>145,176</u>	<u>100,766</u>	<u>438,214</u>
NET ASSETS					
Without donor restrictions	-	-	-	-	(114,562)
With donor restrictions	<u>9,078</u>	<u>-</u>	<u>-</u>	<u>132,712</u>	<u>-</u>
Total net assets	<u>9,078</u>	<u>-</u>	<u>-</u>	<u>132,712</u>	<u>(114,562)</u>
Total liabilities and net assets	<u>\$ 13,056</u>	<u>\$ 401,110</u>	<u>\$ 145,176</u>	<u>\$ 233,478</u>	<u>\$ 323,652</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Indirect Cost Pool	Computer Technology	United Way	EITC	Disaster	Pugh Family Trust
ASSETS						
Current assets:						
Cash	\$ 24,643	\$ 13,882	\$ 2,781	\$ 15,366	\$ 398	\$ 189
Receivables:						
Grant funds	-	-	-	5,447	-	-
Due from other funds	18,724	-	-	-	-	-
Prepaid expenses	15,758	-	-	9	-	-
Total current assets	59,125	13,882	2,781	20,822	398	189
Property and equipment (net)	1,578	3,978	-	-	-	-
Total assets	<u>\$ 60,703</u>	<u>\$ 17,860</u>	<u>\$ 2,781</u>	<u>\$ 20,822</u>	<u>\$ 398</u>	<u>\$ 189</u>
LIABILITIES						
Current liabilities:						
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	8,988	-	-	4,586	398	-
Accounts payable	440	-	-	-	-	-
Accrued salaries and related benefits	23,176	-	-	-	-	-
Grant funds payable	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-
Retirement plan payable	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Total current liabilities	32,604	-	-	4,586	398	-
Long-term liabilities:						
Notes payable, less current portion	-	-	-	-	-	-
Total liabilities	<u>32,604</u>	<u>-</u>	<u>-</u>	<u>4,586</u>	<u>398</u>	<u>-</u>
NET ASSETS						
Without donor restrictions	-	-	-	-	-	-
With donor restrictions	28,099	17,860	2,781	16,236	-	189
Total net assets	<u>28,099</u>	<u>17,860</u>	<u>2,781</u>	<u>16,236</u>	<u>-</u>	<u>189</u>
Total liabilities and net assets	<u>\$ 60,703</u>	<u>\$ 17,860</u>	<u>\$ 2,781</u>	<u>\$ 20,822</u>	<u>\$ 398</u>	<u>\$ 189</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Total	Eliminating Entries	Totals	
			2019	2018
ASSETS				
Current assets:				
Cash	\$ 592,364	\$ (23,362)	\$ 569,002	\$ 904,909
Receivables:				
Grant funds	472,812	-	472,812	531,156
Due from other funds	1,343,288	(1,343,288)	-	-
Prepaid expenses	44,157	(4,596)	39,561	39,258
Total current assets	2,452,621	(1,371,246)	1,081,375	1,475,323
Property and equipment (net)	313,301	-	313,301	347,896 *
Total assets	<u>\$ 2,765,922</u>	<u>\$ (1,371,246)</u>	<u>\$ 1,394,676</u>	<u>\$ 1,823,219 *</u>
LIABILITIES				
Current liabilities:				
Bank overdraft	\$ 23,362	\$ (23,362)	\$ -	\$ -
Due to other funds	1,343,288	(1,343,288)	-	-
Accounts payable	88,656	-	88,656	148,724
Accrued salaries and related benefits	56,628	(4,596)	52,032	60,730
Grant funds payable	862,912	-	862,912	862,912 *
Current portion of notes payable	45,807	-	45,807	41,999
Retirement plan payable	15,155	-	15,155	18,072 *
Compensated absences	21,181	-	21,181	23,915
Total current liabilities	2,456,989	(1,371,246)	1,085,743	1,156,352 *
Long-term liabilities:				
Notes payable, less current portion	49,960	-	49,960	95,733
Total liabilities	2,506,949	(1,371,246)	1,135,703	1,252,085 *
NET ASSETS				
Without donor restrictions	(152,222)	-	(152,222)	5,347
With donor restrictions	411,195	-	411,195	565,787 *
Total net assets	258,973	-	258,973	571,134 *
Total liabilities and net assets	<u>\$ 2,765,922</u>	<u>\$ (1,371,246)</u>	<u>\$ 1,394,676</u>	<u>\$ 1,823,219 *</u>

*As restated, see note 2

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	<u>Transportation</u>	<u>CSBG</u>	<u>Food Reimbursement</u>	<u>Shelter Fund</u>
Revenues, gains, and other support:				
Public support -				
Donations	\$ 7,465	\$ -	\$ -	\$ -
Grants from governmental agencies	350,609	908,690	-	-
Other revenue -				
Miscellaneous	<u>3,046</u>	<u>16,159</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>361,120</u>	<u>924,849</u>	<u>-</u>	<u>-</u>
Expenses and losses:				
Direct costs -				
Salaries and wages	202,617	525,135	-	-
Fringe benefits	18,853	49,384	-	-
Retirement plan	2,598	8,372	-	-
Depreciation	10,504	499	-	-
Contract services	10,883	70,376	-	-
Travel	725	6,672	-	-
Consumable supplies	1,822	8,370	-	-
Space costs	20,322	102,119	-	-
Repairs and maintenance	127,715	6,840	-	-
Operating services	63,525	131,001	-	-
Other	6,730	30,270	73	-
Interest expense	-	-	-	-
Indirect costs	<u>21,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	488,021	939,038	73	-
Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>488,021</u>	<u>939,038</u>	<u>73</u>	<u>-</u>
Revenues, gains, and other support over (under) expenses and losses	<u>(126,901)</u>	<u>(14,189)</u>	<u>(73)</u>	<u>-</u>
Other increases (decreases) in net assets:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect cost transferred from programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other increases (decreases) in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(126,901)	(14,189)	(73)	-
Net assets, beginning of year	<u>98,736</u>	<u>121,460</u> *	<u>41,997</u>	<u>1,743</u>
Net assets, end of year	<u>\$ (28,165)</u>	<u>\$ 107,271</u>	<u>\$ 41,924</u>	<u>\$ 1,743</u>

*As restated, see note 2

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	LYFE	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance	Iberia Food & Medical	Iberia Parish Special Trust
Revenues, gains, and other support:					
Public support -					
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	6,293	13,200	-	6,181	-
Other revenue -					
Miscellaneous	-	400	-	-	-
Total revenues, gains, and other support	<u>6,293</u>	<u>13,600</u>	<u>-</u>	<u>6,181</u>	<u>-</u>
Expenses:					
Direct costs -					
Salaries and wages	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Retirement plan	-	-	-	-	-
Depreciation	-	20,977	-	-	-
Contract services	2,250	-	-	-	-
Travel	-	-	-	-	-
Consumable supplies	1,234	-	-	-	-
Space costs	-	11,116	-	-	-
Repairs and maintenance	600	1,076	-	-	-
Operating services	284	19,889	(168)	3,890	-
Other	(238)	728	-	266	-
Interest expense	-	-	-	-	-
Indirect costs	-	-	-	-	-
Total expenses	<u>4,130</u>	<u>53,786</u>	<u>(168)</u>	<u>4,156</u>	<u>-</u>
Loss on disposal of fixed assets	-	-	-	-	-
Total expenses and losses	<u>4,130</u>	<u>53,786</u>	<u>(168)</u>	<u>4,156</u>	<u>-</u>
Revenues, gains, and other support over (under) expenses and losses	<u>2,163</u>	<u>(40,186)</u>	<u>168</u>	<u>2,025</u>	<u>-</u>
Other increases (decreases) in net assets:					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-
Total other increases (decreases) in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	2,163	(40,186)	168	2,025	-
Net assets, beginning of year	<u>(288)</u>	<u>67,007</u>	<u>1,673</u>	<u>(557)</u>	<u>157</u>
Net assets, end of year	<u>\$ 1,875</u>	<u>\$ 26,821</u>	<u>\$ 1,841</u>	<u>\$ 1,468</u>	<u>\$ 157</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)
 Year Ended May 31, 2019
 With Summarized Financial Information for the Year Ended May 31, 2018

	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter	Head Start	RSVP	Medicaid Enrollment	Cookbook Fund
Revenues, gains, and other support:						
Public support -						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55
Grants from governmental agencies	-	12,165	-	41,379	-	1,953
Other revenue -						
Miscellaneous	-	-	7,049	3,354	-	(317)
Total revenues, gains, and other support	-	12,165	7,049	44,733	-	1,691
Expenses:						
Direct costs -						
Salaries and wages	-	-	-	26,000	-	-
Fringe benefits	-	-	-	2,474	-	-
Retirement plan	-	-	-	673	-	-
Depreciation	-	-	-	-	-	-
Contract services	-	-	22,660	380	-	-
Travel	-	-	-	53	-	-
Consumable supplies	-	-	1,272	1,003	-	5
Space costs	-	-	2,526	7,449	-	-
Repairs and maintenance	-	-	470	117	-	-
Operating services	-	12,164	5,104	9,934	-	-
Other	-	6,000	2,130	335	-	3,167
Interest expense	-	-	-	-	-	-
Indirect costs	-	-	-	2,801	-	-
Total expenses	-	18,164	34,162	51,219	-	3,172
Loss on disposal of fixed assets	-	-	-	-	-	-
Total expenses and losses	-	18,164	34,162	51,219	-	3,172
Revenues, gains, and other support over (under) expenses and losses	-	(5,999)	(27,113)	(6,486)	-	(1,481)
Other increases (decreases) in net assets:						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-	-
Total other increases (decreases) in net assets	-	-	-	-	-	-
Change in net assets	-	(5,999)	(27,113)	(6,486)	-	(1,481)
Net assets, beginning of year	18,729	6,020	27,113 *	(10,370)	2,390	8,842
Net assets, end of year	\$ 18,729	\$ 21	\$ -	\$ (16,856)	\$ 2,390	\$ 7,361

*As restated, see note 2

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	HUD	Payroll	Accounts Payable	Home Energy Assistance	General
Revenues, gains, and other support:					
Public support -					
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	14,248	-	-	3,083,077	-
Other revenue -					
Miscellaneous	-	-	-	10,500	217,159
Total revenues, gains, and other support	<u>14,248</u>	<u>-</u>	<u>-</u>	<u>3,093,577</u>	<u>217,159</u>
Expenses:					
Direct costs -					
Salaries and wages	-	-	-	175,234	-
Fringe benefits	-	-	-	15,526	-
Retirement plan	-	-	-	2,958	-
Depreciation	-	-	-	-	31,920
Contract services	-	-	-	43,629	138,908
Travel	-	-	-	157	6,665
Consumable supplies	-	-	-	40,228	8,065
Space costs	-	-	-	46,260	915
Repairs and maintenance	-	-	-	753	8,949
Operating services	-	-	-	2,704,579	67,110
Other	8,140	-	-	1,771	65,490
Interest expense	-	-	-	-	11,419
Indirect costs	-	-	-	-	-
Total expenses	<u>8,140</u>	<u>-</u>	<u>-</u>	<u>3,031,095</u>	<u>339,441</u>
Loss on disposal of fixed assets	-	-	-	-	-
Total expenses and losses	<u>8,140</u>	<u>-</u>	<u>-</u>	<u>3,031,095</u>	<u>339,441</u>
Revenues, gains, and other support over (under) expenses and losses	<u>6,108</u>	<u>-</u>	<u>-</u>	<u>62,482</u>	<u>(122,282)</u>
Other increases (decreases) in net assets:					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-
Total other increases (decreases) in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	6,108	-	-	62,482	(122,282)
Net assets, beginning of year	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>70,230</u>	<u>7,720</u>
Net assets, end of year	<u>\$ 9,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,712</u>	<u>\$ (114,562)</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Indirect Cost Pool	Computer Technology	United Way	EITC	Disaster	Pugh Family Trust
Revenues, gains, and other support:						
Public support -						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	-	-	-	5,447	-	-
Other revenue -						
Miscellaneous	1,887	-	-	-	-	-
Total revenues, gains, and other support	<u>1,887</u>	<u>-</u>	<u>-</u>	<u>5,447</u>	<u>-</u>	<u>-</u>
Expenses:						
Direct costs -						
Salaries and wages	-	-	-	1,368	-	-
Fringe benefits	7,805	-	-	104	-	-
Retirement plan	-	-	-	41	-	-
Depreciation	2,551	1,553	-	-	-	-
Contract services	20,187	-	-	-	-	-
Travel	-	-	-	-	-	-
Consumable supplies	4,523	-	-	1,142	-	-
Space costs	6,042	-	-	-	-	-
Repairs and maintenance	10,954	-	-	-	-	-
Operating services	11,038	-	-	33	-	-
Other	6,078	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Indirect costs	-	-	-	123	-	-
Total expenses	<u>69,178</u>	<u>1,553</u>	<u>-</u>	<u>2,811</u>	<u>-</u>	<u>-</u>
Loss on disposal of fixed assets	-	-	-	-	-	-
Total expenses and losses	<u>69,178</u>	<u>1,553</u>	<u>-</u>	<u>2,811</u>	<u>-</u>	<u>-</u>
Revenues, gains, and other support over (under) expenses and losses	<u>(67,291)</u>	<u>(1,553)</u>	<u>-</u>	<u>2,636</u>	<u>-</u>	<u>-</u>
Other increases (decreases) in net assets:						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Indirect cost transferred from programs	25,811	-	-	-	-	-
Total other increases (decreases) in net assets	<u>25,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(41,480)	(1,553)	-	2,636	-	-
Net assets, beginning of year	<u>69,579</u> *	<u>19,413</u>	<u>2,781</u>	<u>13,600</u>	<u>-</u>	<u>189</u>
Net assets, end of year	<u>\$ 28,099</u>	<u>\$ 17,860</u>	<u>\$ 2,781</u>	<u>\$ 16,236</u>	<u>\$ -</u>	<u>\$ 189</u>

*As restated, see note 2

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2019

With Summarized Financial Information for the Year Ended May 31, 2018

	Total	Eliminating Entries	Totals	
			2019	2018
Revenues, gains, and other support:				
Public support -				
Donations	\$ 7,520	\$ -	\$ 7,520	\$ 6,545
Grants from governmental agencies	4,443,242	-	4,443,242	6,849,140
Other revenue -				
Miscellaneous	259,237	-	259,237	521,406
Total revenues, gains, and other support	<u>4,709,999</u>	<u>-</u>	<u>4,709,999</u>	<u>7,377,091</u>
Expenses:				
Direct costs -				
Salaries and wages	930,354	-	930,354	1,814,557
Fringe benefits	94,146	-	94,146	167,599
Retirement plan	14,642	-	14,642	(420,498) *
Depreciation	68,004	-	68,004	130,976
Contract services	309,273	-	309,273	348,025
Travel	14,272	-	14,272	29,183
Consumable supplies	67,664	-	67,664	51,156
Space costs	196,749	-	196,749	327,151
Repairs and maintenance	157,474	-	157,474	230,285
Operating services	3,028,383	-	3,028,383	4,166,710
Other	130,940	-	130,940	105,621
Interest expense	11,419	-	11,419	10,743
Indirect costs	24,651	-	24,651	116,749
Total expenses	<u>5,047,971</u>	<u>-</u>	<u>5,047,971</u>	<u>7,078,257</u> *
Loss on disposal of fixed assets	-	-	-	444,772 *
Total expenses and losses	<u>5,047,971</u>	<u>-</u>	<u>5,047,971</u>	<u>7,523,029</u> *
Revenues, gains, and other support over (under) expenses and losses	<u>(337,972)</u>	<u>-</u>	<u>(337,972)</u>	<u>(145,938)</u> *
Other increases (decreases) in net assets:				
Operating transfers in	-	-	-	168,500
Operating transfers out	-	-	-	(168,500)
Indirect cost transferred from programs	25,811	-	25,811	110,945
Total other increases (decreases) in net assets	<u>25,811</u>	<u>-</u>	<u>25,811</u>	<u>110,945</u>
Change in net assets	(312,161)	-	(312,161)	(34,993) *
Net assets, beginning of year	571,134 *	-	571,134 *	606,127 *
Net assets, end of year	<u>\$ 258,973</u>	<u>\$ -</u>	<u>\$ 258,973</u>	<u>\$ 571,134</u> *

*As restated, see note 2

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Indirect Cost Pool
 Statements of Revenue and Expenses
 Years Ended May 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue:		
Indirect cost revenues	\$ 25,811	\$ 110,945
Expenses:		
Direct costs -		
Salaries and wages	-	115,665
Fringe benefits	7,805	10,234
Retirement expense	-	(3,801) *
Depreciation	2,551	2,550
Contract services	-	67
Travel	-	10,753
Consumable supplies	521	2,470
Repairs and maintenance	7,789	10,227
Other	6,078	17,199
Operating services -		
Copy machine expense	3,033	17,090
Auto expenses	6,690	10,224
Professional fees	20,187	91,021
Rent	-	5,685
Utilities and telephone	6,042	17,639
Office supplies	4,002	7,515
Publications and subscriptions	-	1,136
Insurance - general	4,480	24,811
Employee development	-	25,057
	<u>69,178</u>	<u>365,542</u> *
Total expenses	<u>69,178</u>	<u>365,542</u> *
Deficiency of revenues over expenses	<u>\$ (43,367)</u>	<u>\$ (254,597)</u> *

*As restated, see note 2

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

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

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

We have audited, 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, the financial statements of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Martin, Iberia, Lafayette Community 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 St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 current and prior year audit findings and management's corrective action plan as item 2019-002.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 31, 2020

Champagne & Company, LLC

Certified Public Accountants

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

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs for the year ended May 31, 2019. St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs 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 the St. Martin, Iberia, Lafayette Community 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 each major federal program. However, our audit does not provide a legal determination of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the St. Martin, Iberia, Lafayette Community 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 each of its major federal programs for the year ended May 31, 2019.

Report on Internal Control Over Compliance

Management of the St. Martin, Iberia, Lafayette Community 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 the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 the St. Martin, Iberia, Lafayette Community 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 identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007 that we consider to be material weaknesses.

The St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings, questioned costs and management's corrective action plan. The St. Martin, Iberia, Lafayette Community

Action Agency, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 31, 2020

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Housing Counseling Assistance Program	14.169	**	<u>14,248</u>
<u>Department of Transportation</u>			
Passed through Louisiana Department of Transportation and Rural Development/ Iberia Parish Government - Formula Grants for Rural Areas	20.509	**	<u>214,698</u>
<u>The Corporation for National Service</u>			
Direct Program:			
Retired and Senior Volunteer Program	94.002	**	<u>41,379</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	**	<u>12,165</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through Louisiana Housing Finance Agency/ Louisiana Housing Corporation - Low-Income Home Energy Assistance*	93.568	**	<u>3,083,077</u>
Passed through Louisiana Workforce Commission - Community Service Block Grant *	93.569	2018N0024 & 2000370850	<u>924,742</u>
Total Department of Health and Human Services			<u>4,007,819</u>
Total expenditures of federal awards			<u>\$ 4,290,309</u>

*Major federal financial assistance programs.

**Not readily available.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2019

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. The St. Martin, Iberia, Lafayette Community Action Agency, Inc. reporting entity is defined in Note 1 to the financial statements for the year ended May 31, 2019. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. and is presented on the accrual basis of accounting. 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).

(3) Indirect cost rate

St. Martin, Iberia, Lafayette Community Action Agency, Inc. has not elected to use the 10 percent de minimis 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 activities is as follows:

Total expenses per statement of activities	\$ 5,022,160
Less: Depreciation	(68,004)
Non-federal expenses	<u>(663,847)</u>
Total expenditures per schedule of federal awards	<u>\$ 4,290,309</u>

The depreciation expense in the amount of \$68,004 relates to federal programs but are not considered to be federal expenditures.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs
Year Ended May 31, 2019

Part I: Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of St. Martin, Iberia, Lafayette Community Action Agency, Inc.
2. One material weakness in internal control was 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*, was disclosed by the audit of the financial statements.
4. Five material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion on all major programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance are reported in the accompanying schedule of findings, questioned costs and management's corrective action plan.
7. The major programs were:
 - U.S. Department of Health and Human Services: Community Service Block Grant, CFDA 93.569
 - U.S. Department of Health and Human Services: Low-Income Home Energy Assistance, CFDA 93.568
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 2019

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Findings

See internal control finding 2019-001 on the accompanying schedule of current and prior year audit findings and management's corrective action plan.

B. Compliance Findings

There was one compliance finding that is required to be reported at May 31, 2019.

C. Management Letter Items

There are no findings that are required to be reported at May 31, 2019.

Part III: Findings and questioned costs for Major Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

See internal control findings 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007 on the accompanying schedule of current and prior year audit findings and management's corrective action plan.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

I. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Over Financial Reporting

2019-001 – Inadequate Supervision and Review; Year Initially Occurred – 5/31/2017

CONDITION: Applicant files for services are not being reviewed timely.

CRITERIA: Internal controls should be in place that provide reasonable assurance that applications for services are reviewed and approved by supervisory personnel before payments are made, making sure there are adequate calculations and determination of eligibility and appropriate support and documentation.

CAUSE: There are inconsistencies in the supervisory review process. Some applicant files are reviewed after payments have already been made and some applicant files have no notation of review.

EFFECT: Failure to require supervisory review prior to disbursement of grant funds could result in miscalculations of income not being caught and the possibility exists that an applicant may receive assistance even though he/she is ineligible for assistance.

RECOMMENDATION: Management has made significant improvements to controls to ensure that there is timely review of applicant files prior to payments being made. We recommend that management continue to strengthen the controls to ensure that all files are being reviewed prior to disbursement. In addition, we recommend that management continue to monitor these files and review applications prior to disbursement.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

Unfortunately, this Finding was recognized in SMILE's 2018 Audit as well, and stemmed from practices that had previously been cited under the former administration. Because SMILE's audit report was completed and submitted more than 60 days late on last year, our operation was well into the subsequent fiscal year at the time the Finding was noted. SMILE's current administration immediately began implementing corrective action in April 2019, immediately following production of the fiscal year 2018 audit report, leaving at least 6 months of prior activity.

The corrective action plan we've implemented entails repetitive quarterly inservice trainings with all personnel to reflect multiple levels of validation of all client files for approval of benefits awards up to and including supervisory personnel review (i.e. parish managers).

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

B. Compliance

2019-002 – Noncompliance with Louisiana Revised Statute (LSA-R.S.) 24:513; Year Initially Occurred – 05/31/2018

CONDITION: St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s audit was not completed within six months of the close of the entity's fiscal year.

CRITERIA: Louisiana Revised Statute (LSA-R.S.) 24:513 requires a local auditee to be audited or reviewed by a licensed certified public accountant provided that such audit or review is performed in accordance with generally accepted governmental auditing standards and the Louisiana Governmental Audit Guide. Such audits shall be completed within six months of the close of the entity's fiscal year.

CAUSE: This condition resulted because the St. Martin, Iberia, Lafayette Community Action Agency, Inc. did not have such audit completed within six months of the close of the fiscal year.

EFFECT: This condition represents a violation of Louisiana Revised Statute (LSA-R.S.) 24:513 which requires a local auditee to be audited by a licensed certified public accountant within six months of the close of the entity's fiscal year.

RECOMMENDATION: St. Martin, Iberia, Lafayette Community Action Agency, Inc. should ensure that the entity's audit will be completed within six months of the close of the entity's fiscal year in future years.

MANAGEMENT'S CORRECTIVE ACTION PLAN: St. Martin, Iberia, Lafayette Community Action Agency has been working diligently to overcome several of the challenges that occurred when the Office of Head Start and Administration for Children and Families abruptly terminated this major revenue stream in 2017. Unfortunately, those impacts are still being felt by the corporation today and have caused the fiscal and administrative staff to remain somewhat overwhelmed in meeting the timely submission of the corporation's annual audit report to the Louisiana Legislative Auditor within the six-month timeline established by law.

This fact, together with the fact that there were multiple conflicting measures identified during the course of the audit work over the last several months that SMILE's management and the auditor's team could not agree upon and had to work through in an attempt to reach a consensus, some upon which we did and others we did not. Moreover, there were additional delays due to the auditor's firm being engaged on multiple other clients' audit reports, locally and out of town, that prevented us from being able to coordinate scheduling that would permit us to perform some of the work as timely as necessary to meet our intended timeline.

Going forward, SMILE has set parameters in place for its fiscal operations to more efficiently manage financial records and client files in a manner that will allow a more streamlined process for flowing information to our auditors, as well as a more effective timeline.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

C. Management Letter

There are no findings that are required to be reported at May 31, 2019.

II. Findings and questioned costs which are required to be reported for Major Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

A. Internal Control Over Compliance

2019-003 – Inadequate Supervision and Review; Year Initially Occurred – 05/31/2017

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation

Finding 2019-001 also applies to this grant (see page 48).

2019-004 – Inadequate Controls over Applicant Eligibility; Year Initially Occurred – 05/31/2018

- CFDA 93.569 Community Services Block Grant / Louisiana Workforce Commission

CONDITION: In testing controls over eligibility, there was one instance (out of 21 files tested) where the intake application was not signed and four instances (out of 27 files tested) where although the eligibility determination included the required documentation and had been reviewed by a supervisor, the income determination was incorrectly computed and for one applicant this resulted in the person being incorrectly determined eligible for the program when they did not meet the income guidelines.

CRITERIA: As part of the control procedures for eligibility for individuals, an applicant must complete and sign an intake form, which is the first step in the process. Subsequently, an eligibility determination is made by the program employee using the income information supplied and the poverty guidelines. This determination is then reviewed by a supervisor.

CAUSE: Not following the process completely for the intake application exception. Incorrect computations for the eligibility calculation exception.

EFFECT: Applicants may receive assistance under the program when they are not eligible for them. In this instance, one of the applicants received assistance.

RECOMMENDATION: Controls in place need to be followed for every transaction.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

Every transaction will be treated the same and all files will be reviewed by supervisory staff going forward before payments are executed. Income calculations will be done according to OCA Policy Vol.1 Chapter 2. CSBG Section B.

2019-005 – Inadequate Controls over Applicant Eligibility; Year Initially Occurred – 05/31/2018

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation

CONDITION: In a test of 60 transactions, there were four instances where the electricity charge was calculated incorrectly but did not change the amount of the benefit received.

CRITERIA: Controls should be in place to ensure only allowable costs are charged to the program.

CAUSE: The controls in place are not operating effectively.

EFFECT: Benefit amount may be incorrect causing program funds to be spent on unallowable items.

RECOMMENDATION: Controls in place need to be followed for every transaction.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

As we move forward all files are being reviewed by supervisory personnel and executive management staff before any benefits are requested in order to ensure that all income and total electricity charge (TEC) is calculated correctly. A quarterly in-house audit is also being conducted to identify all errors and ensure they are corrected prior to the program year end.

2019-006 – Inadequate Controls over Applicant Eligibility; Year Initially Occurred – 05/31/2019

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation

CONDITION: In a test of 60 transactions, there were three instances where the income was calculated incorrectly in determining eligibility. In two of those instances, the benefit amount was not changed by the error while in one instance it was. In the instance where the benefit was affected by the incorrect income calculation, the amount received by the participant was less than what should have been received in the amount of \$200.

CRITERIA: Controls are required to be in place to ensure only eligible individuals received services for the amount they are allowed to receive.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

CAUSE: Calculations are being done incorrectly and not being caught in the review process.

EFFECT: Participants may receive services they are not eligible for or may not receive the amount of service they are eligible for.

RECOMMENDATION: Controls need to be strengthened and implemented.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

Management's Corrective Action Plan for 2019-005 also applies to this finding.

2019-007 – Inadequate Controls over Allowable Costs; Year Initially Occurred – 05/31/2019

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation
- CFDA 93.569 Community Services Block Grant / Louisiana Workforce Commission

CONDITION: The controls over payroll as it relates to documentation of the program that an individual is spending time on are not properly designed to support the program being charged for the time. In addition, two employee timesheets were not signed by the employee and one employee timesheet did not include the supervisor's signature so while these controls are properly designed, they are not operating as intended.

CRITERIA: Uniform guidance requires an entity receiving federal funding to establish controls to ensure that only allowable costs are charged to the grant.

CAUSE: Because of the turnover in Human Resources, the paperwork necessary to document this has not been updated. Not sure why the timesheets were not signed. No explanation was given.

EFFECT: An individual's salary may be charged to a program that the individual did not work on or an employee paid for work that was not performed.

RECOMMENDATION: The allocations should be updated for each employee indicating the programs they work on and the percentage of time, as applicable and updated anytime there is a change to that allocation. In addition, employees should not be paid without the proper signatures on the timesheet.

MANAGEMENT'S CORRECTIVE ACTION PLAN: St. Martin, Iberia, Lafayette Community Action Agency acknowledges that most of its personnel perform a variety of duties among a cross sector of programs with different funding sources. While there is a percentage of time allocated to each relative program among those specific employees, it would be over exhaustive and unnecessary for SMILE, with the lack of resources available, to attempt to perform cost allocations of time for each employee as recommended by the audit firm.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

The cost allocations for personnel performance is entered into the payroll system, per the various programs each employee is assigned and budgeted for. SMILE is currently implementing/upgrading a new procedure on documenting personnel time along with training of staff that will adequately and proportionately equate for this. Additionally, the administration has strengthened measures to ensure that all timesheets are reviewed for accuracy and that the appropriate supervisory personnel has signed all timesheets before they are submitted to the fiscal department for payroll processing. We will always comply with applicable state and federal labor laws as it relates to fair and equitable compensation for all personnel.

B. Compliance

There are no findings at May 31, 2019.

C. Management Letter Items

There are no findings that are required to be reported.

Part II: Prior Year Findings

I. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Over Financial Reporting

2018-001 – Inadequate Supervision and Review

CONDITION: Applicant files for services are not being reviewed timely.

RECOMMENDATION: Management needs to implement policies and controls to ensure that there is timely review of applicant files prior to payments being made.

CURRENT STATUS: Unresolved. See items 2019-001.

B. Compliance

2018-002 – Noncompliance with Louisiana Revised Statute (LSA-R.S.) 24:513

CONDITION: St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s audit was not completed within six months of the close of the entity's fiscal year.

CURRENT STATUS: Unresolved. See Item 2019-002.

C. Management Letter Items

There were no findings that were required to be reported.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2019

II. Findings and questioned costs for Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

A. Internal Control Over Compliance

2018-003 – Inadequate Supervision and Review

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency / Louisiana Housing Corporation

Finding 2018-001 also applies to this grant.

CURRENT STATUS: Unresolved. See item 2019-003.

2018-004 – Inadequate Controls over Applicant Eligibility

- CFDA 93.569 Community Services Block Grant / Louisiana Workforce Commission

CONDITION: During testing of eligibility, miscalculations were noted when recalculating income for three applicants. All three applicants were still eligible for services based on corrected calculations. In addition, there was inadequate documentation for an amount paid on an applicant's behalf.

CURRENT STATUS: Unresolved. See item 2019-004.

2018-005 – Inadequate Controls over Applicant Eligibility

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency / Louisiana Housing Corporation

CONDITION: During testing of eligibility, miscalculations were noted when recalculating electricity costs for two applicants. Both applicants were still eligible for services based on corrected calculations.

CURRENT STATUS: Unresolved. See item 2019-005.



SMILE Community Action Agency

– Serving St. Martin, Iberia and Lafayette Parishes –

Craig A. Mathews
Chief Executive Officer

SMILE Board Officers

Marlon Lewis
President

Mary Batiste
Vice-President

Geri Brown
Secretary

Vonda LeBlanc
Treasurer

Vacant
Parliamentarian

January 31, 2020

Louisiana Workforce Commission
1001 North 23rd Street
Post Office 94094
Baton Rouge, LA 70804-9094

Louisiana Housing Finance Agency/
Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

St. Martin, Iberia, Lafayette Community Action Agency, Inc. respectfully submits the following corrective action plan for the year ending May 31, 2019.

Independent public accounting firm:

Champagne & Company, LLC
P.O. Box 250
Breux Bridge, LA 70517

Audit period: Fiscal year ending May 31, 2019

The findings from the May 31, 2019 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Internal Control Over Financial Reporting

2019-001 Inadequate Supervision and Review

Recommendation: Management has made significant improvements to controls to ensure that there is timely review of applicant files prior to payments being made. We recommend that management continue to strengthen the controls to ensure that all files

(337) 234-3272
www.smilecaa.org

P.O. Box 3343, Lafayette, LA 70502
501 St. John Street

TDD 711
Fax (337) 234-3274

are being reviewed prior to disbursement. In addition, we recommend that management continue to monitor these files and review applications prior to disbursement.

Action Taken: Unfortunately, this Finding was recognized in SMILE's 2018 Audit as well, and stemmed from practices that had previously been cited under the former administration. Because SMILE's audit report was completed and submitted more than 60 days late on last year, our operation was well into the subsequent fiscal year at the time the Finding was noted. SMILE's current administration immediately began implementing corrective action in April 2019, immediately following production of the fiscal year 2018 audit report, leaving at least 6 months of prior activity.

The corrective action plan we've implemented entails repetitive quarterly in-service trainings with all personnel to reflect multiple levels of validation of all client files for approval of benefits awards up to and including supervisory personnel review (i.e. parish managers).

Compliance

2019-002 Noncompliance with Louisiana Revised Statute (LSA-R.S.) 24:513

Recommendation: St. Martin, Iberia, Lafayette Community Action Agency, Inc. should ensure that the entity's audit will be completed within six months of the close of the entity's fiscal year in future years.

Action Taken: St. Martin, Iberia, Lafayette Community Action Agency has been working diligently to overcome several of the challenges that occurred when the Office of Head Start and Administration for Children and Families abruptly terminated this major revenue stream in 2017. Unfortunately, those impacts are still being felt by the corporation today and have caused the fiscal and administrative staff to remain somewhat overwhelmed in meeting the timely submission of the corporation's annual audit report to the Louisiana Legislative Auditor within the six-month timeline established by law.

This fact, together with the fact that there were multiple conflicting measures identified during the course of the audit work over the last several months that SMILE's management and the auditor's team could not agree upon and had to work through in an attempt to reach a consensus, some upon which we did and others we did not. Moreover, there were additional delays due to the auditor's firm being engaged on multiple other clients' audit reports, locally and out of town, that prevented us from being able to coordinate scheduling that would permit us to perform some of the work as timely as necessary to meet our intended timeline.

Going forward, SMILE has set parameters in place for its fiscal operations to more efficiently manage financial records and client files in a manner that will allow a more streamlined process for flowing information to our auditors, as well as a more effective timeline.

Findings – Federal Award Programs Audit

Material Weakness

2019-003 CFDA 93.568 Low-Income Home Energy Assistance Grant

See Finding 2019-001

2019-004 Inadequate Controls over Applicant Eligibility - CFDA 93.569
Community Services Block Grant

Recommendation: Controls in place need to be followed for every transactions.

Action Taken: Every transaction will be treated the same and all files will be reviewed by supervisory staff going forward before payments are executed. Income calculations will be done according to OCA Policy Vol.1 Chapter 2. CSBG Section B.

2019-005 Inadequate Controls Over Applicant Eligibility - CFDA 93.568 Low-Income
Home Energy Assistance Grant

Recommendation: Controls in place need to be followed for every transaction.

Action Taken: As we move forward all files are being reviewed by supervisory personnel and executive management staff before any benefits are requested in order to ensure that all income and total electricity charge (TEC) is calculated correctly. A quarterly in-house audit is also being conducted to identify all errors and ensure they are corrected prior to the program year end.

2019-006 Inadequate Controls Over Applicant Eligibility - CFDA 93.568 Low-
Income Home Energy Assistance Grant

Recommendation: Controls need to be strengthened and implemented.

Action Taken: Management's Corrective Action Plan for 2019-005 also applies to this finding.

2019-007 Inadequate Controls Over Allowable Cost - CFDA 93.568 Low-Income
Home Energy Assistance Grant & CFDA 93.569 Community Services Block Grant

Recommendation: The allocations should be updated for each employee indicating the programs they work on and the percentage of time, as applicable and updated anytime there is a change to the allocation. In addition, employees should not be paid without proper signatures on the timesheets.

Action Taken: St. Martin, Iberia, Lafayette Community Action Agency acknowledges that most of its personnel perform a variety of duties among a cross sector of programs with different funding sources. While there is a percentage of time allocated to each relative program among those specific employees, it would be over exhaustive and unnecessary for SMILE, with the lack of resources available, to attempt to perform cost allocations of time for each employee as recommended by the audit firm.

The cost allocation for personnel performance is entered in the payroll system per each employee based on what program they are assigned and budgeted on. SMILE is currently implementing/upgrading a new procedure on documenting personnel time along with training of staff. Additionally, the administration has strengthened measures to ensure that all timesheets are reviewed for accuracy and that the appropriate supervisory personnel has signed all timesheets before they are submitted to the fiscal department.

If the Louisiana Workforce Commission and/or the Louisiana Housing Finance Agency/Louisiana Housing Corporation have questions regarding this plan, please call Craig A. Mathews, Chief Executive Officer, at 337-234-3272.

Sincerely yours,



Craig A. Mathews
Chief Executive Officer

**ST. MARTIN, IBERIA, LAFAYETTE
COMMUNITY ACTION AGENCY, INC.
Statewide Agreed-upon Procedures Report**

Year Ended May 31, 2019

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA*

Penny Angelle Scruggins, CPA*

Shayne M. Breaux, CPA

Kaylee Champagne Frederick, CPA

113 East Bridge Street

PO Box 250

Breaux Bridge, LA 70517

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*A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of SMILE, Inc and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of SMILE, 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 June 1, 2018 through May 31, 2019. Management of SMILE, Inc 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 do not 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 policies 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 policies 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.

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

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

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

- 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 address item 2 above. The other items are not addressed in the policy.

Board or Finance Committee

Board (or Finance Committee) procedures were not tested at May 31, 2019 due to the fact that there were no exceptions in 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 unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted 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 each selected account, and observe that:

Obtained a listing of client bank accounts and management's representation that the listing is complete. Management identified the entity's main operating account on the listing.

- 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

No exceptions noted.

- 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.

Of the five bank reconciliations tested, three bank reconciliations did not have evidence that management researched items that have been outstanding for more than 12 months.

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 listing of deposit sites 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:

Obtained a listing of collection locations and management's representation that the listing is complete.

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

No exceptions noted.

- 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.

No exceptions noted.

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

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

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).

Of the ten deposits tested, there was one exception.

- 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)

Non-Payroll Disbursements procedures were not tested at May 31, 2019 due to the fact that there were no exceptions in prior year.

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).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
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.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) 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.

Obtained a listing of active credit cards, bank debit cards, fuel cards, and P-cards and name of person who maintains possession of the card and 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 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.])

Of the five credit cards tested, one monthly statement did not have evidence that it was reviewed and approved in writing by someone other than the authorized card holder.

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

Of the five credit cards tested, one monthly statement was assessed finance charges.

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).

No exceptions noted.

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

Travel and Expense Reimbursement procedures were not tested at May 31, 2019 due to the fact that there were no exceptions in 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 (procedures #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Contracts procedures were not tested at May 31, 2019 due to the fact that there were no exceptions in 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 or general ledger 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

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.

Obtained listing of employees employed during fiscal period and management's representation that listing is complete. No exceptions noted.

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.

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

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/official's cumulative leave records, and agree the pay rates to the employee/official's authorized pay rates in the employee/official's personnel files.

No exceptions noted.

19. Obtain management's representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the five 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.

No exceptions noted.

- 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.

No exceptions noted.

Debt Service

Debt Service procedures were not tested at May 31, 2019 due to the fact that there were no exceptions in prior year.

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.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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.

No exceptions noted.

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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 31, 2020

SMILE

Agreed upon Procedures Findings Response

5/31/19

Written Policies & Procedures

1. (f) The current Contract Policy will be updated/expanded to including: types of services requiring contracts, standard terms and conditions, approval process, and monitoring of contracts for compliance with terms and conditions as outlined in such contracts.

(k)The current Disaster Recovery Policy will be updated/expanded to include frequency of data backups, periodic testing/verification that backups can be restored, use of antivirus software patches/updates and identification of personnel, processes, and tools needed to recover operations.

Bank Reconciliations

3. (c) Outstanding items will be reviewed monthly to insure that items are not outstanding past four months.

Cash Collections

7. (d) Incoming correspondence/mail process will be modified to reflect routing all incoming revenue (e.g. cash, money orders, checks) to management immediately upon receipt, after a copy has been made and stamped with received date, and CFO will make deposit within one business day.

Credit Cards

12. (a)Credit card statements are currently presented and reviewed monthly by Finance Committee Members during Finance Committee Meeting and approved by the full Board in each regular Board of Directors meeting, under the Finance Committee Report on the agenda. The credit card statements are currently being placed in the Finance Committee and Board Members packet each month. The CFO will start initialing the credit card statements once the agency receives the statements and then forward to CEO for review and initial, as well.

(b) When charges are being disputed the Agency will request that the credit card company remove finance charges.