

**Union Community Action Association, Inc.
Farmerville, Louisiana**

Financial Statements

**As of and for the Years Ended June 30, 2018 and 2017
With Supplemental Information Schedules**

Union Community Action Association, Inc.
Farmerville, Louisiana

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Independent Auditors' Report

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Union Community Action Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Community Action Association, Inc., as of June 30, 2018, and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

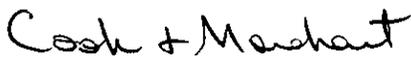
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedules shown on page 11 - 13 are presented for the purpose of additional analysis and are not a required part of the financial statements of Union Community Action Agency, Inc. The accompanying schedule of expenditures of federal awards, shown on page 14, 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 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 December 21, 2018, on our consideration of Union Community Action Association, 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 Union Community Action Association'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 Union Community Action Association, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 21, 2018

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Financial Position
June 30, 2018 and 2017

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 250,799 | \$ 249,848 |
| Grant receivables | 14,678 | 16,892 |
| Other receivables | 750 | 750 |
| Prepays | 5,162 | 4,932 |
| Other assets | 3,660 | 3,660 |
| Total current assets | 275,049 | 276,082 |
| Property and equipment: | | |
| Property and equipment | 81,003 | 94,947 |
| Accumulated depreciation | (77,852) | (90,851) |
| Net property and equipment | 3,151 | 4,096 |
| Total Assets | \$ 278,200 | \$ 280,178 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 8,073 | \$ 13,334 |
| Accrued liabilities | 12,869 | 19,409 |
| Refundable advances | 61,937 | 72,982 |
| Total current liabilities | 82,879 | 105,725 |
| Net assets: | | |
| Unrestricted: | | |
| Operating | 168,749 | 154,275 |
| Designated | 7,340 | 16,082 |
| Fixed assets | 3,151 | 4,096 |
| Temporarily restricted | 16,081 | |
| Total net assets | 195,321 | 174,453 |
| Total Liabilities and Net Assets | \$ 278,200 | \$ 280,178 |

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

Union Community Action Association, Inc.
Farmerville, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|-------------------------------------|--------------|---------------------------|------------|
| Revenues and Other Support: | | | |
| Contractual revenue - grants | \$ 959,585 | \$ 16,081 | \$ 975,666 |
| Miscellaneous revenues | 2,389 | | 2,389 |
| Total revenues and other support | 961,974 | 16,081 | 978,055 |
| Expenses: | | | |
| Program expenses | | | |
| Migrant education | 116,276 | | 116,276 |
| Community services | 73,016 | | 73,016 |
| Energy assistance | 607,427 | | 607,427 |
| Other services | 75,709 | | 75,709 |
| General and administrative expenses | 84,759 | | 84,759 |
| Total expenses | 957,187 | | 957,187 |
| Change in net assets | 4,787 | 16,081 | 20,868 |
| Net assets as of beginning of year | 174,453 | | 174,453 |
| Net assets as of end of year | \$ 179,240 | \$ 16,081 | \$ 195,321 |

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

Union Community Action Association, Inc.
Farmerville, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

| | Unrestricted |
|-------------------------------------|--------------|
| Revenues and Other Support: | |
| Contractual revenue - grants | \$ 845,374 |
| Miscellaneous revenues | 3,575 |
| Total revenues and other support | 848,949 |
| Expenses: | |
| Program expenses | |
| Migrant education | 133,168 |
| Community services | 65,268 |
| Energy assistance | 451,684 |
| Other services | 123,879 |
| General and administrative expenses | 77,178 |
| Total expenses | 851,177 |
| Change in net assets | (2,228) |
| Net assets as of beginning of year | 176,681 |
| Net assets as of end of year | \$ 174,453 |

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

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|------------|------------|
| Operating Activities | | |
| Change in net assets | \$ 20,868 | \$ (2,228) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 945 | 1,425 |
| (Increase) decrease in operating assets: | | |
| Grant receivables | 2,214 | (4,503) |
| Prepaid | (230) | (4,932) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (5,261) | (864) |
| Accrued liabilities | (6,540) | 7,442 |
| Refundable advances | (11,045) | 15,880 |
| Net cash provided by operating activities | 951 | 12,220 |
| Net increase in cash and cash equivalents | 951 | 12,220 |
| Cash and cash equivalents as of beginning of year | 249,848 | 237,628 |
| Cash and cash equivalents as of end of year | \$ 250,799 | \$ 249,848 |

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

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Union Community Action Association, Inc. (Union) is a private non-profit corporation incorporated under the laws of the State of Louisiana. Union is governed by a Board of Directors composed of 15 members. These board members receive no compensation for their services.

Union operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Union parish in Louisiana. The following programs, shown with their approximate percentage of total revenues, are administered by Union:

Migrant Education (13%) – Provides assistance to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education and by contract funds received from various local school boards.

Community Services Block Grant (11%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Home Energy Assistance (76%) — Assists low income households offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

B. Basis of Accounting

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

C. Basis of Presentation

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

D. Income Tax Status

Union is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Union's tax-exempt purpose is subject to taxation as unrelated business income. Union had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

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

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Union considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, when there is no significant penalty for early withdrawal.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. Union has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Functional Allocation of Expenses

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

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Union to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2018 and 2017, Union had no significant concentrations of credit risk in relation to grant receivables.

Union maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At June 30, 2018 and 2017, total cash balances held at financial institutions were \$255,136 and \$250,383, respectively, all of which was secured by FDIC.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2018 and 2017, but received after those dates.

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2018:

| | Estimated Depreciable Life | Purchased With Federal Funds | Purchased With Non-Federal Funds | Total |
|--|----------------------------------|------------------------------------|---|------------------|
| Furniture and equipment | 5-10 years | \$ 74,947 | \$ 6,056 | \$ 81,003 |
| Accumulated depreciation | | <u>(71,796)</u> | <u>(6,056)</u> | <u>(77,852)</u> |
| Net investment in property and equipment | | <u>\$ 3,151</u> | <u>\$ _____</u> | <u>\$ 3,151</u> |

Depreciation expense for the year ended June 30, 2018 was \$945.

Property and equipment consisted of the following at June 30, 2017:

| | Estimated Depreciable Life | Purchased With Federal Funds | Purchased With Non-Federal Funds | Total |
|--|----------------------------------|------------------------------------|---|------------------|
| Furniture and equipment | 5-10 years | \$ 88,891 | \$ 6,056 | \$ 94,947 |
| Accumulated depreciation | | <u>(84,795)</u> | <u>(6,056)</u> | <u>(90,851)</u> |
| Net investment in property and equipment | | <u>\$ 4,096</u> | <u>\$ _____</u> | <u>\$ 4,096</u> |

Depreciation expense for the year ended June 30, 2017 was \$1,425.

(5) Refundable Advances

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

(6) Accrued Liabilities

Accrued liabilities at June 30, 2018 and 2017 consisted of the following:

| | 2018 | 2017 |
|----------------------|------------------|------------------|
| Accrued annual leave | \$ 12,426 | \$ 14,987 |
| Payroll liabilities | <u>443</u> | <u>4,422</u> |
| | <u>\$ 12,869</u> | <u>\$ 19,409</u> |

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 consisted of funds restricted for use within the Low-Income Home Energy Assistance Program in the amount of \$16,081.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(8) Contractual Revenue – Grants

During the years ended June 30, 2018 and 2017, Union received contractual revenue from federal and state grants in the amount of \$975,666 and \$845,374, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(9) Leases

Union leases certain property and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2018 and 2017 were \$9,748 and \$3,883, respectively.

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

| For the Year Ending <u>June 30,</u> | |
|--|----------------------|
| 2019 | \$ <u>120</u> |
| Total minimum future rentals | \$ <u><u>120</u></u> |

(10) Contingencies

Employees of Union are entitled to paid sick days, earned at the rate of twelve hours per month of full time employment. It is reasonably possible but not certain that sick leave will be paid in the future; accordingly, no liability has been recorded in the accompanying financial statements. Union's policy is to recognize the costs of sick leave benefits when actually paid to employees. Upon an employee's resignation, lay-off, or death, no pay will be granted for any earned sick leave. Union estimates the liability for sick leave earned by employees but not yet taken as of June 30, 2018, to be approximately \$45,198.

Grants and contracts awarded to Union are subject to funding agencies' criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under those terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred under the grants and contracts do not comply with the established criteria that govern them. In such cases, Union could be held responsible for repayments to the funding agency for the costs. Management does not anticipate any material questioned costs at this time for grants and contracts administered through the year June 30, 2018.

(11) Designated Net Assets

Designated net assets at June 30, 2018 consisted of funds designated for use within the Low-income Home Energy Assistance Program in the amount of \$7,340. Designated net assets at June 30, 2017 consisted of funds designated for use within the Low-income Home Energy Assistance Program in the amount of \$7,341 and funds received from local school boards for Migrant recruitment and support in the amount of \$8,741.

(12) Subsequent events

Subsequent events have been evaluated through December 21, 2018, the date the financial statements were available to be issued.

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Financial Position
June 30, 2018

| | Migrant Education | Community Services | General Services | Total |
|---|-------------------------|-------------------------|--------------------------|--------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ 16,921 | \$ | \$ 233,878 | \$ 250,799 |
| Grant receivables | | 11,720 | 2,958 | 14,678 |
| Other receivables | | | 750 | 750 |
| Prepaid | 2,056 | 1,615 | 1,491 | 5,162 |
| Other assets | | | 3,660 | 3,660 |
| Due from other funds | 45,467 | | | 45,467 |
| Total current assets | <u>64,444</u> | <u>13,335</u> | <u>242,737</u> | <u>320,516</u> |
| Property and equipment: | | | | |
| Property and equipment | 33,017 | 8,072 | 39,914 | 81,003 |
| Accumulated depreciation | (33,017) | (4,921) | (39,914) | (77,852) |
| Net property and equipment | <u></u> | <u>3,151</u> | <u></u> | <u>3,151</u> |
| Total Assets | <u><u>\$ 64,444</u></u> | <u><u>\$ 16,486</u></u> | <u><u>\$ 242,737</u></u> | <u><u>\$ 323,667</u></u> |
| Liabilities and Net Assets | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 1,192 | \$ | \$ 6,881 | \$ 8,073 |
| Accrued liabilities | 1,315 | | 11,554 | 12,869 |
| Refundable advances | 61,937 | | | 61,937 |
| Due to other funds | | 11,956 | 33,511 | 45,467 |
| Total current liabilities | <u>64,444</u> | <u>11,956</u> | <u>51,946</u> | <u>128,346</u> |
| Net assets: | | | | |
| Unrestricted: | | | | |
| Operating | | 1,379 | 167,370 | 168,749 |
| Designated | | | 7,340 | 7,340 |
| Fixed assets | | 3,151 | | 3,151 |
| Temporarily restricted | | | 16,081 | 16,081 |
| Total net assets | <u></u> | <u>4,530</u> | <u>190,791</u> | <u>195,321</u> |
| Total Liabilities and Net Assets | <u><u>\$ 64,444</u></u> | <u><u>\$ 16,486</u></u> | <u><u>\$ 242,737</u></u> | <u><u>\$ 323,667</u></u> |

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2018

| | Migrant Education | Community Services | General Services | Total |
|------------------------------------|----------------------|-----------------------|---------------------|-------------------|
| Revenues and Other Support: | | | | |
| Contractual revenue – grants | \$ 126,164 | \$ 108,371 | \$ 741,131 | \$ 975,666 |
| Miscellaneous | | | 2,389 | 2,389 |
| Total revenues and other support | <u>126,164</u> | <u>108,371</u> | <u>743,520</u> | <u>978,055</u> |
| Expenses and Losses: | | | | |
| Program: | | | | |
| Salaries | 65,055 | 44,962 | 64,825 | 174,842 |
| Fringe benefits | 6,156 | 4,301 | 6,596 | 17,053 |
| Travel | 7,879 | 8,810 | 6,235 | 22,924 |
| Equipment | 5,085 | | | 5,085 |
| Telephone and postage | 1,359 | 546 | | 1,905 |
| Supplies | 9,293 | 1,717 | 924 | 11,934 |
| Professional services | 15,084 | 2,630 | 3,209 | 20,923 |
| Insurance | | 885 | 1,778 | 2,663 |
| Maintenance | | 4,421 | | 4,421 |
| Miscellaneous | 6,365 | 2,726 | | 9,091 |
| Client assistance payments | | 2,018 | 599,569 | 601,587 |
| Total program expenses | <u>116,276</u> | <u>73,016</u> | <u>683,136</u> | <u>872,428</u> |
| Administrative: | | | | |
| Salaries | 8,102 | 24,845 | 22,137 | 55,084 |
| Fringe benefits | 761 | 2,145 | 2,134 | 5,040 |
| Travel | | 2,526 | 1,725 | 4,251 |
| Equipment | 236 | 171 | 621 | 1,028 |
| Telephone and postage | 63 | 230 | 3,396 | 3,689 |
| Supplies | 431 | 181 | 2,093 | 2,705 |
| Professional services | | 508 | 711 | 1,219 |
| Insurance | | | 643 | 643 |
| Maintenance | | 1,214 | 6,724 | 7,938 |
| Miscellaneous | 295 | 412 | 1,510 | 2,217 |
| Depreciation | | 945 | | 945 |
| Total administrative expenses | <u>9,888</u> | <u>33,177</u> | <u>41,694</u> | <u>84,759</u> |
| Total expenses | <u>126,164</u> | <u>106,193</u> | <u>724,830</u> | <u>957,187</u> |
| Change in net assets | | 2,178 | 18,690 | 20,868 |
| Net assets as of beginning of year | | <u>2,352</u> | <u>172,101</u> | <u>174,453</u> |
| Net assets as of end of year | <u>\$</u> | <u>\$ 4,530</u> | <u>\$ 190,791</u> | <u>\$ 195,321</u> |

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head: Diane Hill, Executive Director

| <u>Purpose</u> | <u>Amount</u> |
|-------------------|---------------|
| Salary | \$ 53,524 |
| Travel | 226 |
| Registration fees | 390 |
| Conference travel | 1,274 |

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

| Federal Grantor / Pass-Through Grantor / Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Expenditures |
|--|------------------------|----------------------------------|------------------------------------|--------------|
| <u>U.S. Department of Health and Human Services</u> | | | | |
| 477 Cluster | | | | |
| Passed through Louisiana Workforce Commission | | | | |
| Community Services Block Grant | 93.569 | 2017N00314 & 2018N0031 | \$ | \$ 108,276 |
| Total 477 Cluster | | | | 108,276 |
| Passed through Louisiana Housing Corporation | | | | |
| Home Energy Assistance Program - Energy | 93.568 | Unknown | | 631,870 |
| Total U.S. Department of Health and Human Services | | | | 740,146 |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Passed through United Way of America | | | | |
| Emergency Food and Shelter Program | 97.024 | Unknown | | 5,897 |
| <u>U.S. Department of Education</u> | | | | |
| Passed through Louisiana Department of Education | | | | |
| Migrant Education | 84.011 | 2017-2018 ESSA | | 98,802 |
| Total federal expenditures | | | \$ | \$ 844,845 |

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Union Community Action Agency, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Union Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Union Community Action Association, Inc.

NOTE B: Summary of Significant Accounting Policies

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

COOK & MOREHART

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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

Independent Auditors' Report

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Union Community Action Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 December 21, 2018.

Internal Control Over Financial Reporting

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

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

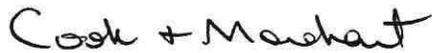
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union Community Action Association, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 21, 2018

COOK & MOREHART

Certified Public Accountants

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

Independent Auditors' Report

To the Board of Directors
Union Community Action Association, Inc.

Report on Compliance for Each Major Federal Program

We have audited Union Community Action Association, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Union Community Action Association, Inc.'s major federal program for the year ended June 30, 2018. Union Community Action Association, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Union Community Action Association, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Union Community Action Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Union Community Action Association, 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 Union Community Action Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 Union Community Action Association, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Cook & Morehart
Certified Public Accountants
December 21, 2018

Union Community Action Association, Inc.
Farmerville, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2018

A Single Audit was not required for the prior year audit ending June 30, 2017.

Schedule of Findings and Questioned Costs
June 30, 2018

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : _____ yes v no

Significant deficiencies identified : _____ yes v none reported

Noncompliance material to financial
statements noted :

_____ yes v no

Federal Awards

Internal control over major programs :

Material weaknesses identified : _____ yes v no

Significant deficiencies identified : _____ yes v none reported

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

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

_____ yes v no

Identification of major federal programs :

CFDA# 93.568 - Low-Income Home Energy Assistance Program

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

Auditee qualified as low risk : _____ yes v no

B. Findings – Financial Statement Audit: None

C. Findings and Questioned Costs – Major Federal Program Audit: None

Union Community Action Association, Inc.
Farmerville, Louisiana
Summary Schedule of Audit Findings For Legislative Auditor
June 30, 2018

Summary Schedule of Prior Year Audit Findings

There were no findings for the prior audit period for the year ended June 30, 2017.

Summary Schedule of Current Year Audit Findings

There are no findings for the current audit period for the year ended June 30, 2018.