

**NOVA WORKFORCE INSTITUTE OF NORTHEAST LA
Monroe, Louisiana**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for the Year Ended December 31, 2019**

BY

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Monroe, Louisiana

Financial Statements
And Independent Auditor's Report
With Supplemental Information
As Of And For The Year Ended December 31, 2019

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Independent Auditor's Report

To the Board of Directors of
NOVA Workforce Institute of Northeast LA
Monroe, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of NOVA Workforce Institute of Northeast LA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**NOVA Workforce Institute of Northeast LA
Independent Auditor's Report (Continued)**

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NOVA Workforce Institute of Northeast LA as of December 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.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedules 1 through 3 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 my 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*, I have also issued my report dated June 9, 2020 on my consideration of NOVA Workforce Institute of Northeast LA 's internal control over financial reporting and on my 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 my 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 NOVA Workforce Institute of Northeast LA '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 NOVA Workforce Institute of Northeast LA 's internal control over financial reporting and compliance.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
June 9, 2020

FINANCIAL STATEMENTS

Statement of Financial Position
December 31, 2019

Assets

Cash	\$ 205,885
Accounts Receivable	37,117
Other Receivables	42
Prepaid Expenses	<u>1,919</u>
Total Assets	<u><u>244,963</u></u>

Liabilities and Net Assets

Liabilities:

Accrued Liabilities	12,638
Deferred Revenue	<u>232,325</u>
Total Liabilities	<u>244,963</u>

Net Assets

Without Donor Restrictions	-
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 244,963</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

Statement of Activities
For the Year Ended
December 31, 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Revenue and Gains	
Local Grants	\$ 2,500
Contributions	49,300
	<hr/>
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	51,800
Net Assets Released from Restrictions	
Restrictions Satisfied by Payments	350,063
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	350,063
	<hr/>
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	401,863
	<hr/>
Expenses	
Program Expense	401,863
Total Expenses	401,863
	<hr/>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-
	<hr/>

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Grants	
Federal Grants	279,484
Foundations	6,347
Corporate Grant	64,232
Total Grants	350,063
	<hr/>
Net Assets Released from Restrictions:	
Restrictions Satisfied by Payments	(350,063)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-
	<hr/>
INCREASE IN NET ASSETS	-
	<hr/>
NET ASSETS AT BEGINNING OF YEAR	-
	<hr/>
NET ASSETS AT END OF YEAR	\$ -
	<hr/> <hr/>

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVA Workforce Institute of Northeast LA

Statement of Cash Flows
For the Year Ended
December 31, 2019

	<u>All Funds</u>
Operating Activities	
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	(6,918)
Increase in Other Receivable	(42)
Increase in Prepaid Expenses	(917)
Increase in Accrued Liabilities	2,944
Increase in Deferred Revenue	93,653
Decrease in Short-term Credit Line	(20,000)
Total Adjustments	<u>68,720</u>
Net Cash Provided by Operating Activities	<u>68,720</u>
 Net Increase in Cash	 68,720
 Cash as of Beginning of Year	 <u>137,165</u>
Cash as of the End of Year	<u><u>\$ 205,885</u></u>
 Supplemental Information:	
Interest Expense	<u><u>131</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

Statement of Functional Expenses
For the Year Ended
December 31, 2019

	Program Services
Personnel Costs	
Salaries and Wages	\$ 206,941
Payroll Taxes and Fringe Benefits	58,684
Total Personnel Costs	265,625
 Other Expenses	
Accounting	14,400
Ads and Legal Notices	357
Audit/Review	2,950
Computer Equipment Service	1,198
Graduation Costs	2,602
Insurance	4,071
Interest Expense	131
Meetings	11,638
Membership Dues	325
Miscellaneous	-
Minor Equipment	1,000
Occupancy Cost	22,396
Office Supplies	9,646
Other Expense	9,225
Postage	660
Printing and Reproduction	1,583
Professional Services	4,778
Supportive Services	4,261
Telephone	5,965
Training Supplies and Services	22,062
Travel	16,990
Total Other Expenses	136,238
Total Functional Expenses	\$ 401,863

See Accompanying Auditor's Report and Notes to Financial Statements.

**NOVA Workforce Institute of Northeast LA
Monroe, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2019**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

NOVA Workforce Institute of Northeast LA (a private non-profit organization) is domiciled in Monroe, Louisiana. The Organization is recognized as a tax-exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The organization serves to connect the needs of employers with job-training entities and residents who are looking for a career path leading to a living wage job with benefits. The Board of Directors of the Organization consists of fourteen (14) members. The members serve without compensation.

Basis of Presentation

For the period ending December 31, 2019, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting the Organization's use of the assets. At December 31, 2019, the Organization had no net assets with donor restrictions.

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of governmental and private grants, fundraising, and contributions. Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions or restrictions designated by the governing board. Contributions and grants are considered to be unrestricted unless restricted by the donor, and are reported as net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Deferred Revenue

The Organization follows the deferred revenue recognition. Under the deferred method, grants and other revenue received during the year for expenses to be incurred in the following year are recorded as deferred revenue.

**NOVA Workforce Institute of Northeast LA
Notes to Financial Statements (Continued)**

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. At December 31, 2019, NOVA Workforce Institute of Northeast LA had no cash equivalent, and cash totaling \$ 205,885 as follows:

With Donor Restrictions	\$ 188,578
Without Donor Restrictions	<u>17,307</u>
Total Cash	<u><u>\$ 205,885</u></u>

Income Taxes

The Organization qualified as a publicly supported organization exempt from federal income tax under Section 501 (C) (3) of the Internal Revenue Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

NOTE B. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

NOTE C. BUDGET PRACTICES

The Organization prepares an annual budget that is approved by the Board of Directors prior to being submitted to the granting authority.

NOTE D. GRANTS RECEIVABLE

For the year ended December 31, 2019, the Organization had grants receivables as follows:

General Fund	\$ 2,530
MHA	10,691
USDA	6,881
SNAP	12,319
LISC	<u>4,696</u>
Total	<u><u>\$ 37,117</u></u>

The Organization does not report an allowance for doubtful accounts because management estimates that receivables are 100% collectible.

NOTE E. SHORT-TERM CREDIT LINE

The Organization obtained a short-term line of credit for \$50,000 with Iberia Bank. For the year ended December 31, 2019, the variable interest rate on the line of credit was an average 8.75%, and the balance on the credit line was \$0.00. The variable interest rate is 3.75% over prime.

NOVA Workforce Institute of Northeast LA
Notes to Financial Statements (Continued)

NOTE F. LIQUIDITY MANAGEMENT

As of December 31, 2019, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 205,885
Accounts Receivable	37,117
Other Receivables	42
Pre-Paid Expenses	1,919
Total	<u>\$ 244,963</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

NOTE G. DESCRIPTION OF LEASING ARRANGEMENTS

For the year ended December 31, 2019, the Organization leased office space under a short-term arrangement from Premier Plaza of Monroe, LLC as follows:

	<u>Monthly</u>
January to May 2019	\$ 1,768
June to December 2019	\$ 1,808
January to May 2020	\$ 1,808

NOTE H. ACCRUED LIABILITIES

For the year ended December 31, 2019, the Organization had accrued liabilities as follows:

Payroll Liabilities	\$ 6,921
Sundry Payables	5,717
Total	<u>\$ 12,638</u>

NOTE I. UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by Internal Revenue Service. The Management has analyzed the tax positions taken by the Organization and has concluded that as of June 9, 2020 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended December 31, 2017, 2018, and 2019; however, there are currently no audits in progress for any tax period.

**NOVA Workforce Institute of Northeast LA
Notes to Financial Statements (Continued)**

NOTE J. DEFERRED REVENUE

For the year ended December 31, 2019, the Organization had deferred revenue as follows:

Source	Beginning Deferred Revenue @ 01/01/2019	Prior Period Adjustment	Revenue Received	Expended	Deferred Revenue @ 12/31/2019
FHLB	625		-	625	-
City of Monroe	-		25,000	-	25,000
MHA	8,019	(5,308)	119,417	80,009	42,119
LISC	-		42,996	40,901	2,095
Capital One	85,759		72,753	58,677	99,835
OEC	5,588		-	4,929	659
SNAP	-		75,135	63,134	12,001
SOHSMM	1,347		5,000	6,347	-
USDA	-		95,440	95,440	-
General					
Corporate Contributions/Sponsors	42,641	-	57,276	49,301.00	50,616
City of West Monroe	-		2,500	2,500.00	-
Total	143,979	(5,308)	495,517	401,863	232,325

NOTE K. PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, the Organization had a prior period adjustment to deferred revenue of \$5,308 for overstated revenue from Monroe Housing Authority (MHA) in the year ended December 31, 2018.

NOTE L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 9, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



ROSIE D. HARPER

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
NOVA Workforce Institute of Northeast LA
Monroe, Louisiana

I 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 NOVA Workforce Institute of Northeast LA (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 9, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered NOVA Workforce Institute of Northeast LA 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOVA Workforce Institute of Northeast LA 's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 NOVA Workforce Institute of Northeast LA 's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not

NOVA Workforce Institute of Northeast LA

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* (Continued)

express such an opinion. The results of my tests did not disclose any 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 my 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
June 9, 2020

SUPPLEMENTAL INFORMATION

NOVA Workforce Institute of Northeast LA

Schedule of Activities Budget to Actual
For the Year Ended
December 31, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Contributions	\$ 60,652	\$ 49,300	\$ 11,352
Corporate Grants	86,384	64,232	22,152
Federal Grants	357,482	279,484	77,998
Foundations	11,935	6,347	5,588
Local Grants	2,500	2,500	-
Total Revenue	<u>518,953</u>	<u>401,863</u>	<u>117,090</u>
Personnel Costs			
Salaries and Wages	254,179	206,941	47,238
Payroll Taxes and Fringe Benefits	66,953	58,684	8,269
Total Personnel Costs	<u>321,132</u>	<u>265,625</u>	<u>55,507</u>
Other Expenses			
Accounting	16,492	14,400	2,092
Ads and Legal Notices	800	357	443
Audit/Review	4,486	2,950	1,536
Computer Equipment Service	2,966	1,198	1,768
Graduation Costs	2,602	2,602	-
Insurance	4,071	4,071	-
Interest Expense	500	131	369
Meetings	13,238	11,638	1,600
Membership Dues	500	325	175
Minor Equipment	2,000	1,000	1,000
Occupancy Cost	23,146	22,396	750
Office Supplies	12,529	9,646	2,883
Other Expense	21,442	9,225	12,217
Postage	700	660	40
Printing and Reproduction	6,164	1,583	4,581
Professional Services	7,652	4,778	2,874
Supportive Services	9,533	4,261	5,272
Telephone	7,758	5,965	1,793
Training Supplies and Services	42,373	22,062	20,311
Travel	17,972	16,990	982
Total Other Expenses	<u>196,924</u>	<u>136,238</u>	<u>60,686</u>
Total Functional Expenses	<u>518,056</u>	<u>401,863</u>	<u>116,193</u>
Budget Excess (Deficit)	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 897</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVA WORKFORCE INSTITUTE OF NORTHEAST LA
Schedule of Board Members

For the Year Ended
December 31, 2019

Board Member	Title	Location
Hartmann, Robert	President	Monroe, Louisiana
Simmons, Bobby	Vice President	Monroe, Louisiana
Laudenheimer, Jeff	Secretary/Treasurer	Monroe, Louisiana
Barrett, Bernie	Board Member	Lake Providence, Louisiana
Lenoir, Dianne	Board Member	Monroe, Louisiana
Edge, Amanda	Board Member	West Monroe, Louisiana
Griffin, Robert	Board Member	Monroe, Louisiana
Hayward, Karen	Board Member	Monroe, Louisiana
Proger, Thomas	Board Member	Delhi, Louisiana
Rambo, Christine	Board Member	Monroe, Louisiana
Scott, Louis G.	Board Member	Monroe, Louisiana
Smith, Jean	Board Member	Monroe, Louisiana
Wilson, Sherry Ray	Board Member	Monroe, Louisiana
Wolkart, Kristin	Board Member	Monroe, Louisiana

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVA WORKFORCE INSTITUTE OF NORTHEAST LA
Schedule of Compensation - Key Management

Schedule 3

For the Year Ended
December 31, 2019

	<u>Paul West</u>	
Job Title	Executive Director	
Salary	\$	72,400
Benefits-Insurance		22,682
Travel		932
Total Compensation	\$	96,014

See Accompanying Auditor's Report and Notes to Financial Statements.