

**Community Support Programs, Inc.
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2018 and 2017

Community Support Programs, Inc.

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Independent Auditors' Report

To the Board of Directors
Community Support Programs, Inc.
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Community Support Programs, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, 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 Community Support Programs, 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, shown on pages 19 – 20, and the supplemental information schedules presented on pages 16 – 18 and 21 - 23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of Community Support Programs, 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 Community Support Programs, 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 Community Support Programs, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 27, 2018

Community Support Programs, Inc.
 Statements of Financial Position
 June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 107,087	\$ 79,468
Restricted cash	100,646	100,646
Grants receivable	327,282	277,120
Prepaid expenses	19,861	24,611
Total current assets	554,876	481,845
Property and equipment:		
Property and equipment	3,909,378	3,952,989
Accumulated depreciation	(1,009,132)	(920,876)
Net property and equipment	2,900,246	3,032,113
Total Assets	\$ 3,455,122	\$ 3,513,958
Liabilities and Net Assets		
Current liabilities:		
Line of credit	\$	\$ 135,201
Accounts payable	30,516	32,419
Accrued expenses	64,213	62,962
Security deposit liability	2,660	2,660
Current portion of long-term debt	9,502	7,547
Refundable advance	77,443	153,493
Total current liabilities	184,334	394,282
Long-term debt, less current portion	603,033	611,071
HOME loan obligations	855,560	610,441
Accrued interest - HOME loans	214,959	183,428
Total liabilities	1,857,886	1,799,222
Net assets:		
Unrestricted:		
Operating	(109,573)	(343,810)
Designated	104,920	86,350
Fixed assets	1,432,151	1,803,054
Temporarily Restricted	169,738	169,142
Total net assets	1,597,236	1,714,736
Total Liabilities and Net Assets	\$ 3,455,122	\$ 3,513,958

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

Community Support Programs, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Contractual revenue - grants	\$ 2,276,060	\$ 69,092	\$ 2,345,152
Client fees	166,030		166,030
Donations	12,953		12,953
Management fees	32,217		32,217
Miscellaneous revenues	76,772		76,772
Net assets released from restriction			
Satisfaction of program restrictions	<u>68,496</u>	<u>(68,496)</u>	
Total revenues and other support	<u>2,632,528</u>	<u>596</u>	<u>2,633,124</u>
Expenses:			
Program services	2,444,227		2,444,227
General administration	<u>306,397</u>		<u>306,397</u>
Total expenses	<u>2,750,624</u>		<u>2,750,624</u>
Changes in net assets	(118,096)	596	(117,500)
Net assets, beginning of year	<u>1,545,594</u>	<u>169,142</u>	<u>1,714,736</u>
Net assets, end of year	<u>\$ 1,427,498</u>	<u>\$ 169,738</u>	<u>\$ 1,597,236</u>

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

Community Support Programs, Inc.
Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Contractual revenue - grants	\$ 1,976,952	\$ 68,496	\$ 2,045,448
Client fees	69,160		69,160
Donations	11,607		11,607
Management fees	22,285		22,285
Miscellaneous revenues	143,735		143,735
Net assets released from restriction			
Satisfaction of program restrictions	68,753	(68,753)	
Total revenues and other support	2,292,492	(257)	2,292,235
Expenses:			
Program services	2,089,749		2,089,749
General administration	297,262		297,262
Total expenses	2,387,011		2,387,011
Changes in net assets	(94,519)	(257)	(94,776)
Net assets, beginning of year	1,640,113	169,399	1,809,512
Net assets, end of year	\$ 1,545,594	\$ 169,142	\$ 1,714,736

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

Community Support Programs, Inc.
 Statements of Functional Expenses
 For the Years Ended June 30, 2018 and 2017

Expenses:	2018		
	Program	General Administration	Total
Salaries and wages	\$ 779,216	\$ 123,041	\$ 902,257
Payroll taxes and benefits	151,946	24,126	176,072
Travel	33,585	3,929	37,514
Operating services	209,886	29,048	238,934
Client needs	186,680		186,680
Supplies	60,437	20,585	81,022
Professional fees	232,205	53,386	285,591
Housing assistance payments	263,132		263,132
Equipment	11,693	6,939	18,632
Utilities	88,700	2,667	91,367
Interest	34,011	2,327	36,338
Interest - HOME loan	31,531		31,531
Depreciation	134,159	2,358	136,517
Miscellaneous	227,046	37,991	265,037
Total expenses	\$ 2,444,227	\$ 306,397	\$ 2,750,624

Expenses:	2017		
	Program	General Administration	Total
Salaries and wages	\$ 713,825	\$ 142,445	\$ 856,270
Payroll taxes and benefits	132,643	26,667	159,310
Travel	19,313	4,351	23,664
Operating services	182,673	29,183	211,856
Client needs	93,741		93,741
Supplies	75,986	4,432	80,418
Professional fees	216,120	32,176	248,296
Housing assistance payments	266,387		266,387
Equipment	2,684	2,962	5,646
Utilities	60,251	5,220	65,471
Interest	34,024	5,929	39,953
Interest - HOME loan	22,531		22,531
Depreciation	118,618	3,078	121,696
Miscellaneous	150,953	40,819	191,772
Total expenses	\$ 2,089,749	\$ 297,262	\$ 2,387,011

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

Community Support Programs, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (117,500)	\$ (94,776)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	136,517	121,696
Loss on disposal	6,441	
(Increase) decrease in operating assets:		
Grants receivable	(50,162)	28,287
Prepaid insurance	4,750	8,797
Increase (decrease) in operating liabilities:		
Accounts payable	(1,903)	4,410
Accrued liabilities	1,251	(17,664)
Security deposit		2,660
Accrued interest - HOME loan	31,531	22,531
Refundable advance	(76,050)	(37,522)
Net cash provided by (used in) operating activities	(65,125)	38,419
Investing Activities		
Payments for property and equipment	(11,090)	(52,183)
Net cash (used in) investing activities	(11,090)	(52,183)
Financing Activities		
Proceeds from line of credit	114,903	295,365
Payments on line of credit	(250,105)	(360,000)
Proceeds from long-term debt	245,915	
Payments of long-term debt	(6,879)	(8,826)
Net cash provided by (used in) financing activities	103,834	(73,461)
 Net increase (decrease) in cash	 27,619	 (87,225)
Cash as of beginning of year	79,468	166,693
Cash as of end of year	\$ 107,087	\$ 79,468
 Non-cash investing and financing transaction:		
Acquisition of property		
Cost of property and equipment	\$	418,269
Vendor payable for property and equipment		
Property and equipment loans		(366,086)
Cash down payment for property and equipment	\$	52,183

Supplemental Disclosure:

Operating activities reflect interest paid in 2018 and 2017 of \$2,327 and \$5,929, respectively.

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

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Community Support Programs, Inc., (CSP) is a nonprofit corporation under the laws of the State of Louisiana. CSP exists to serve the client/family and to enhance each person's opportunity to live successfully in the community. Through the provision of advocacy, direct and indirect services, housing, and coordination with other social service providers, CSP, Inc. offers unique and innovative programs. The following programs are administered by CSP with their approximate percentages of total revenues:

Portals (12%) — Provides parenting education (in group and individual setting), family skill building, and visit coaching. Program operates with two main goals; to increase family stability and to reduce incidents of child abuse and neglect. Program serves Bienville, Bossier, Caddo, Claiborne, Jackson, and Webster parishes. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services, Office of Community Services.

Project Reach II (25%) – Provides a residential facility that can accommodate twenty three participants to aide them in attaining affordable housing. The supportive services portion of the grant focuses overcoming barriers by advocating for public benefits, vocational and employment programs, mental health and substance abuse programs. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

FEMA (1%) – Provides funding to purchase food and shelter for people in emergency situations. Funding is provided by federal funds from the U.S. Department of Homeland Security.

Section 8 Housing (12%) – Provides Section 8 housing to eligible disabled clients in need by allowing clients to locate their own housing units and by supplementing their rent or utilities at the unit. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Cora Allen (2%) – Community Support runs a twelve unit apartment complex for low income individuals and their families. Funding is provided by rent and fees from the tenants.

Crossroads II (16%) – Provides funding for sixteen one-bedroom apartments with supportive services to individuals who are homeless and chronically mentally ill. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Drug Free (2%) – To increase the capacity of community coalitions to reduce substance abuse, and overtime, to reduce substance abuse among adults through strengthening collaboration among communities, public and private entities. Funding is provided by federal funds through the U.S. Department of Health and Human Services.

I-Drive (1%) – To help reduce fatal and injury crashes on Louisiana roadways. Funding is provided by federal funds passed through the Louisiana Highway Safety Commission.

Opioid (2%) – To enhance existing statewide prevention, treatment, and recovery support services offered for individuals experiencing or a risk for opiod use disorder. Funding is provided by federal funds passed through the Northwest Louisiana Human Services District.

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

Center for Womens Issues (13%) – Provides funding for a permanent supportive housing program for women who have substance abuse issues, including case management activities designed to assist the women with gaining their independence and achieving recovery from their addiction. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Louisiana Partnership for Success (8%) – Provides funding for coalition building in high need communities. Funding is provided by state funds passed through the Northwest Louisiana Human Services District.

Consumer Care Resources (6%) – Provides funding for needed support, services, or goods to achieve, maintain, or improve individual/family community living status and level of functioning in order to continue living in the community as well as provide for Peer Support services. Funding is provided by federal and state funds passed through the Northwest Louisiana Human Services District.

B. Basis of Accounting

The financial statements of CSP 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

CSP is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to CSP's tax-exempt purpose is subject to taxation as unrelated business income. CSP 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)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

F. Cash and Cash Equivalents

CSP's cash, as stated for cash flow purposes, consists of interest bearing and non-interest bearing bank accounts. CSP has no other assets that are considered cash equivalents.

G. Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. 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 State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds there from is subject to state and federal regulations.

H. Restricted and Unrestricted Revenue

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. Compensated Absences

Employees may accrue annual leave up to 15 days. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 15 days. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

J. Expense Allocation

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

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject CSP to concentrations of credit risk consist principally of temporary cash investments and grants receivable. Concentrations of credit risk with respect to grants receivable are limited due to these amounts being due from governmental agencies under contractual terms. CSP maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2018 and 2017, total cash balances held at financial institutions was \$248,348 and \$207,555, respectively. All of the balances held at financial institutions were secured by FDIC.

(3) Restricted Cash

Restricted cash at June 30, 2018 and 2017 consists of funds received from the sale of property purchased by and used in the HUD Transitions program.

(4) Grants Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at June 30, 2018 and 2017, but received after those dates.

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(5) Property and Equipment

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

	Estimated Depreciable Life	Purchased With State Or Federal Funds	Purchased With Operating Funds	Total
Land	n/a	\$ 49,307	\$ 49,169	\$ 98,476
Buildings and improvements	20–30 years	2,988,894	627,712	3,616,606
Vehicles	5 years	6,271	8,488	14,759
Furniture and equipment	5–7 years	156,350	23,187	179,537
Accumulated depreciation		<u>(971,664)</u>	<u>(37,468)</u>	<u>(1,009,132)</u>
Net investment in property and equipment		<u>\$ 2,229,158</u>	<u>\$ 671,088</u>	<u>\$2,900,246</u>

Depreciation expense for the year ended June 30, 2018 was \$136,517.

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

	Estimated Depreciable Life	Purchased With State Or Federal Funds	Purchased With Operating Funds	Total
Land	n/a	\$ 49,307	\$ 49,169	\$ 98,476
Buildings and improvements	20–30 years	2,988,894	627,712	3,616,606
Vehicles	5 years	52,080	8,488	60,568
Furniture and equipment	5–7 years	148,819	28,520	177,339
Accumulated depreciation		<u>(880,106)</u>	<u>(40,770)</u>	<u>(920,876)</u>
Net investment in property and equipment		<u>\$ 2,358,994</u>	<u>\$ 673,119</u>	<u>\$3,032,113</u>

Depreciation expense for the year ended June 30, 2017 was \$121,696.

(6) Line of Credit

The agency has a line of credit at a local bank, with an adjustable interest rate of .5% per annum less than the prime lending rate of Chase Bank (5.25% at June 30, 2018). The loan is secured by any and all of CSP's present and future accounts receivable, present and future inventory, related equipment, other personal property including present and future general intangibles and agency real estate. The line of credit has a limit of \$200,000 and had an outstanding balance as of June 30, 2018 and 2017 of \$0 and \$135,201, respectively. Interest expense incurred on the line of credit for the years ended June 30, 2018 and 2017 was \$2,327 and \$5,615, respectively.

(7) Refundable Advance

CSP 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.

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(8) Accrued Expenses

An analysis of accrued expenses at June 30, 2018 and 2017 follows:

	2018	2017
Accrued leave payable	\$ 17,728	\$ 17,728
Accrued salaries	20,587	19,253
Accrued payroll taxes	25,898	25,981
	\$ 64,213	\$ 62,962

(9) Contractual Revenue – Grants

During the years ended June 30, 2018 and 2017, CSP received contractual revenue from federal and state grants in the amount of \$2,345,152 and \$2,045,448, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Leases

The agency leases certain property under operating leases. The rental costs on those leases for the years ended June 30, 2018 and 2017 were \$247,994 and \$170,623, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

For the Year Ending June 31,		
2019	\$	165,018
2020		61,229
2021		62,293
2022		20,891
Total minimum future rentals	\$	309,431

(11) Pension Plan

CSP has a defined contribution pension plan in which employees meeting certain criteria are eligible to participate in the plan. CSP's employer's contribution on behalf of the participant is 4% of the participant's compensation. The amount contributed by CSP during the years ended June 30, 2018 and 2017 was approximately \$25,109 and \$29,216, respectively.

(12) Partnership Investments

CSP has entered into limited partnerships as a General Partner for various Louisiana Partnerships in Commendam. The partnerships are organized and operated for the construction, ownership and management of apartment complexes in Louisiana. The complexes are operated under the HOME Affordable Rental Housing Program through regulatory agreements with the Louisiana Housing Finance Agency. CSP entered into Management Sub-Contracts, in which they will co-manage the Partnerships. CSP's ownership percentage of each partnership is .05%.

(13) Subsequent Events

Subsequent events have been evaluated through December 27, 2018, the date the financial statements were available to be issued.

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(14) Designated Net Assets

Designated net assets at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Louisiana Partnership for Success	\$ 9,418	\$ 780
Consumer Care Resources	12,936	9,841
I-Drive	4,435	
Opioid	2,401	
Section 8 Housing	<u>75,730</u>	<u>75,729</u>
Total	<u>\$ 104,920</u>	<u>\$ 86,350</u>

(15) Long-term Debt

Long-term debt at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Mortgage payable to a bank, interest rate 5.25%, payable in 120 monthly installments of \$3,450, including interest with one final payment due on August 25, 2027, secured by property.	612,535	618,618
Less current installments	<u>(9,502)</u>	<u>(7,547)</u>
Long-term portion	<u>\$ 603,033</u>	<u>\$ 611,071</u>

Approximate maturities of long-term debt are summarized as follows:

<u>For the Year Ending June 30,</u>	<u>Approximate Amount</u>
2019	\$ 9,502
2020	10,013
2021	10,551
2022	11,119
2023	11,716
2024 and after	<u>559,634</u>
	<u>\$ 612,535</u>

For the years ended June 30, 2018 and 2017, CSP incurred interest expense of \$34,011 and \$32,969, respectively.

(16) Contingency

CSP is a defendant in a lawsuit, the ultimate outcome of which is not presently determinable. An estimate of possible loss or range of loss cannot be reasonably estimated at this time.

(Continued)

Community Support Programs, Inc.
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(17) HOME Loan Obligations

CSP entered into a mortgage with Louisiana Housing Finance Agency (LHFA) pursuant to a Home Affordable Rental Housing Program Regulatory Agreement. The loan proceeds were utilized in the funding of construction of the Crossroads II project. The mortgage has a stated interest rate of 4% per annum; payable in annual installments in the amount equal to 75% of surplus cash of the project due on the first day of April, 2010; provided, however, that all payments due hereunder shall be payable only out of and to the extent of the net cash flow to be determined after payment of all operating expenses approved by LHFA and after a cash distribution to the Owner of not more than 25% of the surplus cash determined by LHFA. Any accrued but unpaid amounts due under this note shall be paid on April 1, 2039, the note maturity date. No payments were made on this loan during the years ended June 30, 2018 and 2017.

CSP entered into a mortgage with the City of Shreveport pursuant to a Home CHDO Funds Multifamily Rental Housing Loan Agreement dated January, 2017. The loan proceeds were used to construct twelve (12) two and three bedrooms townhome units of affordable rental housing for low-income families. The mortgage has a stated interest rate of 3% per annum; payable in annual installments in the amount equal to 100% of surplus cash of the project due on the first day of April, 2017; provided, however, that all payments due hereunder shall be payable only out of and to the extent of the net cash flow to be determined after payment of all operating expenses, payment of all sums due or currently required to be paid under the terms of any permanent mortgage loan encumbering the project that is senior to this note and the promissory note secured by such permanent mortgage loan, and payment of all amounts required to be deposited into any reserve funds. The note is secured by a second mortgage and security interest on all land, buildings, and improvements located on the project site, and movable property. Interest on the note may be compounded no more frequently than annually. Any accrued but unpaid amounts due under this note shall be paid on April 1, 2046, the note maturity date, when all sums due under this note shall be due and payable (unless forgiven as provided for in the note and mortgage). No payments were made on this loan during the year ended June 30, 2018 and 2017.

Outstanding loan balances on each of the HOME loans as of June 30, 2018 were as follows:

Home Loan – LHFA	\$ 555,560
Home Loan – City of Shreveport	<u>300,000</u>
Total	<u>\$ 855,560</u>

(18) Accrued Interest HOME Loan

This amount represents accrued interest payable on the HOME loan obligations, subject to the payment terms, as detailed in the mortgage with Louisiana Housing Corporation and the City of Shreveport. No interest was paid on these loans during the years ended June 30, 2018 and 2017.

(19) Temporarily Restricted Net Assets

Amounts shown as temporarily restricted net assets at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Section 8 program	\$ 69,092	\$ 68,496
Proceeds from sale of property – Transitions program	<u>100,646</u>	<u>100,646</u>
	<u>\$ 169,738</u>	<u>\$ 169,142</u>

Community Support Programs, Inc.
Combining Schedule of Activities
For the Year Ended June 30, 2018

	Portals	Project Reach II	Opioid	Housing Development	FEMA	Section 8 Housing	Hearthstone	Cora Allen
Revenues and Other Support:								
Contractual revenue-grants	\$ 277,037	\$ 622,821	\$ 66,872	\$	\$ 9,000	\$ 302,363	\$	\$
Client fees		20,615						72,177
Donations	2,887	3,000				1,500		
Management fees								
Miscellaneous revenues						1,283	58	
Total revenues and other support	<u>279,924</u>	<u>646,436</u>	<u>66,872</u>		<u>9,000</u>	<u>305,146</u>	<u>58</u>	<u>72,177</u>
Expenses and losses:								
Program:								
Salaries and wages	127,656	245,666	43,059					31,267
Payroll taxes and benefits	23,242	45,784	4,952					4,109
Travel	5,064	2,105	3,015					537
Operating services	58,589				9,000			8,538
Client needs		93,254						
Supplies	10,671	12,743	2,614					
Professional fees	7,644	71,695	933					126
Housing assistance payments						263,132		
Equipment	6,484							3,792
Utilities	5,094	36,489						
Interest								34,011
Interest - HOME loan								9,000
Depreciation		15,560						60,527
Miscellaneous	9,941	75,296	2,161					52,886
Total program	<u>254,385</u>	<u>598,592</u>	<u>56,734</u>		<u>9,000</u>	<u>263,132</u>		<u>204,793</u>
Expenses and losses:								
Administrative:								
Salaries and wages	24,145	14,690	5,872			17,172		
Payroll taxes and benefits	5,129	2,569	675			3,453		
Travel		286	411			106		
Operating services						8,790		1,462
Supplies		14,608	356			3,263		57
Professional fees	6,788	12,554	127			2,208		8,268
Equipment						120		
Utilities						190		
Interest								
Depreciation								
Miscellaneous		10,238	295			727		
Total general and administrative	<u>36,062</u>	<u>54,945</u>	<u>7,736</u>			<u>36,029</u>		<u>9,787</u>
Total expenses	<u>290,447</u>	<u>653,537</u>	<u>64,470</u>		<u>9,000</u>	<u>299,161</u>		<u>214,580</u>
Change in net assets	(10,523)	(7,101)	2,402			5,985	58	(142,403)
Net assets, beginning of year	(7,252)	70,244		(81,997)		151,461	210,201	1,073,412
Net assets, end of year	<u>\$ (17,775)</u>	<u>\$ 63,143</u>	<u>\$ 2,402</u>	<u>\$ (81,997)</u>	<u>\$</u>	<u>\$ 157,446</u>	<u>\$ 210,259</u>	<u>\$ 931,009</u>

(Continued)
16

Community Support Programs, Inc.
Combining Schedule of Activities
For the Year Ended June 30, 2018
(Continued)

	Crossroads II Housing	Transportation	Center for Womens Issues	LA Partnership for Success	Adult Consumer Care	Drug Free	I-Drive	General Administration	Total
Revenues and Other Support:									
Contractual revenue-grants	\$ 341,618	\$ 1,163	\$ 309,861	\$ 184,109	\$ 150,159	\$ 63,481	\$ 16,668	\$	\$ 2,345,152
Client fees	66,987		6,251						166,030
Donations								5,566	12,953
Management fees								32,217	32,217
Miscellaneous revenues	278		19,195	6,237				49,721	76,772
Total revenues and other support	408,883	1,163	335,307	190,346	150,159	63,481	16,668	87,504	2,633,124
Expenses and losses:									
Program:									
Salaries and wages	137,069		80,559	54,360	27,535	32,045			779,216
Payroll taxes and benefits	28,362		18,186	15,422	7,013	4,876			151,946
Travel	1,335		2,554	7,187	743	10,005	1,040		33,585
Operating services	73,470	10,575	27,551	4,919	17,244				209,886
Client needs			93,426						186,680
Supplies	6,961		8,911	10,439	8,098				60,437
Professional fees	56,249		7,955	35,298	46,576	1,881	3,848		232,205
Housing assistance payments									263,132
Equipment				315	1,102				11,693
Utilities	10,749		27,982	1,289	7,097				88,700
Interest									34,011
Interest - HOME loan	22,531								31,531
Depreciation	48,293		6,578		2,646		555		134,159
Miscellaneous	9,152		24,316	36,126	12,834	4,334			227,046
Total program	394,171	10,575	298,018	165,355	130,888	53,141	5,443		2,444,227
Expenses and losses:									
Administrative:									
Salaries and wages	13,253		8,870	5,376	3,403	3,561		26,699	123,041
Payroll taxes and benefits	2,460		1,565	1,525	867	542		5,341	24,126
Travel	285		21	711	92	1,112	116	789	3,929
Operating services	7,382		4,531	486	2,131			4,266	29,048
Supplies				1,032	1,001			268	20,585
Professional fees	8,392		4,248	3,491	5,757	209	428	916	53,386
Equipment				31	136			6,652	6,939
Utilities				128	877			1,472	2,667
Interest								2,327	2,327
Depreciation					327			2,031	2,358
Miscellaneous	9,095		7,925	3,573	1,586	481		4,071	37,991
Total general and administrative	40,867		27,160	16,353	16,177	5,905	544	54,832	306,397
Total expenses	435,038	10,575	325,178	181,708	147,065	59,046	5,987	54,832	2,750,624
Change in net assets	(26,155)	(9,412)	10,129	8,638	3,094	4,435	10,681	32,672	(117,500)
Net assets, beginning of year	305,753	9,412	7,560	780	9,841			(34,679)	1,714,736
Net assets, end of year	\$ 279,598	\$	\$ 17,689	\$ 9,418	\$ 12,935	\$ 4,435	\$ 10,681	\$ (2,007)	\$ 1,597,236

Community Support Programs, Inc.
Shreveport, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head: Margaret Shemwell, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 56,700
Benefits - insurance	3,649
Benefits - retirement	2,355
Registration fees	360
Membership dues	120
Special meals	19

Community Support Programs, Inc.
Shreveport, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Project Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Supportive Housing Program - Project Reach II	14.235	LA0246L6H021500 & LA0246L6H021601		622,545
Supportive Housing Program - Crossroads II	14.235	LA0152L6H021608 & LA0152L6H021709		312,826
Continuum of Care Program - Center for Womens Issues	14.267	LA0034L6H021609 & LA0034L6H021710		294,964
Housing Voucher Cluster				
Direct Program				
Section 8 Housing Choice Vouchers	14.871	LA888	_____	295,139
Total Housing Voucher Cluster			_____	295,139
Passed through the City of Shreveport				
CHDO Home Set-Aside Funds	14.239	2017 - 00000017		300,000
Passed through Louisiana Housing Corporation				
Home Investment Partnership Program	14.239	N/A		555,560
Total U.S. Department of Housing and Urban Development			_____	2,381,034
<u>U.S. Department of Transportation</u>				
Passed through the Louisiana Highway Safety Commission				
iDrive Teen Driver Safety Initiative	20.608	2018-55-19		16,522
Total U.S. Department of Transportation			_____	16,522
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Bienville Community Coalition's Drug Free Community Project	93.276	1H79SP080097-01		59,046
Passed through the State of Louisiana, Department of				
Social Services, Office of Community Services				
Portals	93.556	7843		277,037
Passed through the Northwest Louisiana Human				
Services District				
Consumer Care Resources	93.958	731588		106,678
Louisiana Partnership for Success	93.959	NA		178,159
Opioid State Targeted Response Initiative (STR)	93.788	NA		65,095
Total U.S. Department of Health and Human Services			_____	686,015
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter	97.024	N/A		9,000
Total Federal Expenditures			\$ _____	\$ 3,092,571

See accompanying notes to the schedule of expenditures of federal awards.

Community Support Programs, Inc.
 Shreveport, Louisiana
 Notes to the Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2018

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community Support Programs, 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 Community Support Programs, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Support Programs, 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) Community Support Programs, Inc. does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Community Support Programs, Inc. has the following loan balances outstanding at June 30, 2018:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2018</u>
14.239	Home Investment Partnership Program	\$ 555,560
14.239	Home Investment Partnership Program	300,000

Community Support Programs, Inc.
Supplemental Information Schedule
Schedule of Financial Position - Crossroads II Program
June 30, 2018

Assets	
Current assets:	
Cash	\$ 64,737
Grants receivable	60,436
Interagency receivable	12,487
Total current assets	<u>137,660</u>
Property and equipment:	
Property and equipment	1,359,038
Accumulated depreciation	(444,837)
Net property and equipment	<u>914,201</u>
Total Assets	<u>\$ 1,051,861</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 3,422
Accrued expenses	7,320
Total current liabilities	<u>10,742</u>
HOME loan obligation	555,560
Accrued interest - HOME loan	205,959
Total liabilities	<u>772,261</u>
Net assets:	
Unrestricted:	
Operating	(79,041)
Fixed assets	358,641
Total net assets	<u>279,600</u>
Total Liabilities and Net Assets	<u>\$ 1,051,861</u>

Community Support Programs, Inc.
 Supplemental Information Schedule
 Schedule of Activities - Crossroads II Program
 For the Year Ended June 30, 2018

Revenues and Other Support:

Contractual revenue - grants	\$ 341,618
Client fees - rent	66,987
Miscellaneous revenues	278
	408,883

Total revenues and other support

408,883

Expenses:

Salaries and wages	150,323
Payroll taxes and benefits	30,822
Travel	1,619
Operating services	80,853
Supplies	6,961
Professional fees	64,640
Utilities	10,749
Interest - HOME loan	22,531
Depreciation	48,293
Miscellaneous	18,245
	435,036

Total expenses

435,036

Changes in net assets

(26,153)

Net assets, beginning of year

305,753

Net assets, end of year

\$ 279,600

Community Support Programs, Inc.
 Supplemental Information Schedule
 Schedule of Cash Flows - Crossroads II Program
 For the Year Ended June 30, 2018

Operating Activities	
Change in net assets	\$ (26,153)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,293
(Increase) decrease in operating assets:	
Grants receivable	(39,315)
Interagency receivable	24,828
Increase (decrease) in operating liabilities:	
Accounts payable	947
Accrued expenses	1,171
Accrued interest - HOME loan	22,531
Net cash provided by operating activities	<u>32,302</u>
Net increase (decrease) in cash	32,302
Cash as of beginning of year	<u>32,435</u>
Cash as of end of year	<u><u>\$ 64,737</u></u>

COOK & MOREHART

Certified Public Accountants

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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
Community Support Programs, Inc.
Shreveport, 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 Community Support Programs, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Support Program, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Support Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Support Program, 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Support Programs, 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*.

Community Support Program, Inc.'s Response to Finding

Community Support Program, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Support Program, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 27, 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
Community Support Programs, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Community Support Programs, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community Support Programs, Inc.'s major federal program for the year ended June 30, 2018. Community Support Programs, 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 each of Community Support Programs, 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 Community Support Programs, 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 Community Support Programs, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Support Programs, 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 Community Support Programs, 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 Community Support Programs, 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 Community Support Programs, 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.

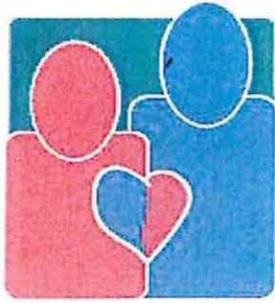
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-002, that we consider to be a significant deficiency.

Community Support Programs, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Community Support Programs, 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.



Cook & Morehart
Certified Public Accountants
December 27, 2018



Community Support Programs, Inc.
open hearts. open minds.

Summary Schedule of Prior Audit Findings

There was one finding for the prior year audit period ended June 30, 2017, as follows:

2017-001 – Significant Deficiency

Condition: As of June 30, 2017, the agency had an operating net asset (deficit) of (\$343,810).

Recommendation: We recommend that the agency strengthen their budgeting practices to eliminate deficit spending in the future and that management and the Board of Directors meet on a periodic basis to monitor the agency's financial position and to formulate financial plans to eliminate the deficits.

Current Status: The agency has improved its financial position during the year ended June 30, 2018. No significant deficiency is reported in the current year audit for the year ended June 30, 2018.



Community Support Programs, Inc.
 Shreveport, Louisiana
 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	√	no
Significant deficiencies identified :	√	yes	_____	none reported

Noncompliance material to financial statements noted :

_____	yes	√	no
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Federal Awards

Internal control over major programs :

Material weaknesses identified :	_____	yes	√	no
Significant deficiencies identified :	√	yes	_____	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	√	no
-------	-----	---	----

Identification of major federal programs :

CFDA# 14.239 - Home Investment Partnership Program

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

Auditee qualified as low risk :	√	yes	_____	no
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B. Findings – Financial Statements Audit:

2018-001 – Significant Deficiency

Condition: During our audit, we noted that rent payments collected from clients were not always made in the correct amounts and were not always deposited timely.

Criteria: Controls should be in place over rent collections to ensure that the correct rental amounts are paid and that the amounts collected are deposited timely.

Cause: Controls were not in place to ensure rental amounts paid by clients were for the correct amount and were deposited timely.

(Continued)

Community Support Programs, Inc.
Shreveport, Louisiana
Schedule of Findings and Questioned Costs
June 30, 2018
(Continued)

Effect: Without adequate controls over rent collections and deposits, incorrect amounts could be charged and not detected.

Recommendation: We recommend that the agency strengthen its internal controls with regards to collection of rents from clients to ensure that the proper amounts are charged, collected, and deposited. We recommend someone independent of the collection process monitor the collection and depositing of tenants rents to ensure they are collected in the correct amounts and that they are deposited timely.

Views of Responsible Officials and Corrective Action Plan: Community Support Programs, Inc. has appointed a person to monitor the collection and depositing of tenants rents to ensure they are collected in the correct amounts and that they are deposited timely.

C. Findings and Questioned Costs – Major Federal Award Programs Audit:

2018-002 SIGNIFICANT DEFICIENCY

US Department of Housing and Urban Development - Home Investment Partnership Program – CFDA #14.239

Condition: During our audit, we noted the following with regards to eligibility:

- Two tenants were not paying the correct rent amounts.
- One rental agreement could not be located.

Criteria: Controls should be in place to ensure compliance with program eligibility requirements, to include controls over rental amounts charged.

Cause: Controls were not in place to ensure that the correct amounts were charged and that lease agreements reflected correct rental amounts.

Effect: Without proper controls in place over rent amounts charged, incorrect rental amounts could be charged to clients.

Recommendation: We recommend that someone independent of eligibility determinations review all client files to ensure rent amounts charged to clients are correct and that client files contain copies of all applicable eligibility documentation, including lease agreements.

Views of Responsible Officials and Corrective Action Plan: Community Support Programs, Inc. has appointed a person to review all client files to ensure rent amounts charged to clients are correct and that client files contain copies of all applicable eligibility documentation, including lease agreements.

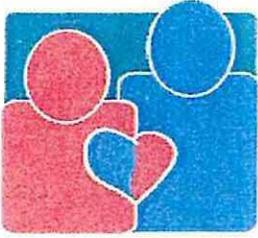
Community Support Programs, Inc.
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
June 30, 2018

Summary Schedule of Prior Audit Findings

There was one finding for the prior year audit period ended June 30, 2017, as described in the accompanying Summary Schedule of Prior Audit Findings.

Corrective Action Plan for Current Year Audit Findings

There are two findings for the current year audit period ended June 30, 2018, as described in the accompanying Schedule of Findings and Questioned Costs.



Community Support Programs, Inc.

open hearts. open minds.

CORRECTIVE ACTION PLAN

December 27, 2018

Community Support Programs, Inc. respectively submits the following corrective action plan for the audit period ended June 30, 2018.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Audit period: Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT

2018-001 – Significant Deficiency

Recommendation: We recommend that the agency strengthen its internal controls with regards to collection of rents from clients to ensure that the proper amounts are charged, collected, and deposited. We recommend someone independent of the collection process monitor the collection and depositing of tenants rents to ensure they are collected in the correct amounts and that they are deposited timely.

Corrective Action Planned/Taken: Community Support Programs, Inc. has appointed a person to monitor the collection and depositing of tenants rents to ensure they are collected in the correct amounts and that they are deposited timely.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT:

Recommendation: We recommend that someone independent of eligibility determinations review all client files to ensure rent amounts charged to clients are correct and that client files contain copies of all applicable eligibility documentation, including lease agreements.

Corrective Action Planned/Taken: Community Support Programs, Inc. has appointed a person to review all client files to ensure rent amounts charged to clients are correct and that client files contain copies of all applicable eligibility documentation, including lease agreements.

If additional information is needed, please contact me at the numbers below.

Sincerely,

Margaret G. Shemwell, LCSW
Chief Executive Officer

2924 Knight St. Ste. 326 Shreveport LA 71105
Phone: 318-865-1422 Fax: 318-865-4566 Email: cspla@cspla.org



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CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Community Support Programs, Inc.
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Community Support Programs, Inc. (a nonprofit organization), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Community Support Programs, Inc.'s (CSP) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for fiscal year July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

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.

The Board of Directors for the CSP met in accordance with the agency's bylaws.
 - 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.

CSP does not report under the governmental accounting model.

- 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.

CSP is not a governmental entity.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date

- 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

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Bank reconciliations had documented evidence that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

- 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).

Management provided the requested information, along with 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:

Management provided the requested information, along with management's representation that the listing is complete.

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

Employees responsible for cash collections do not share cash drawers/registers.

- 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.

The employee responsible for collecting cash is not responsible for preparing/making bank deposits.

- 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.

The employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

- 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.

The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledger, by revenue source is not responsible for collecting cash.

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

All employees are covered by a blanket insurance policy for theft.

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

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

CSP does not utilize sequentially pre-numbered receipt books.

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

For the deposits selected for testing, all were traced to the deposit slips.

Exception: Receipts were not written for four rent payments which were paid with money order.

Management's Response: Management will revise its controls over collection of rent payments to ensure receipts are written for all amounts received.

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

For the deposits selected for testing, the actual deposit was traced to the bank statement.

- 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).

For the deposits selected for testing, all were deposited within one business day of receipt, except as noted below:

Exception: Two deposits were made nineteen (19) and fourteen (14) days, respectively, after collection.

Management's Response: Management will strengthen its controls over collections to ensure that deposits are made timely.

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

For the deposits selected for testing, all were traced to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- 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.

CSP's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except for as noted below:

Exception: Purchase requests are initiated and approved by the same employee. In addition, the employee responsible for processing payments is the same employee that mails out the signed checks.

Management's Response: Management will review its controls over purchasing and disbursements and explore the feasibility of adding additional controls in this area.

- 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.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties, except as noted below:

Exception: Purchase requests are initiated and approved by the same employee. In addition, the employee responsible for processing payments is the same employee that mails out the signed checks.

Management's Response: Management will review its controls over purchasing and disbursements and explore the feasibility of adding additional controls in this area.

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

Testing not required for this area for fiscal year July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Travel and Expense Reimbursement

Testing not required for this area for fiscal year July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Contracts

11. 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. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided the requested information, along with management's representation that the listing is complete.

- 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.

Contracts selected for testing were not subject to the Louisiana Public Bid 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).

The contracts selected for testing did not require board approval.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The contracts selected for testing were not amended.

- 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.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

12. 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.

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

13. 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).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.

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

For the transactions selected for testing, leave taken was reflected in the entity's cumulative leave records.

14. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management provided the requested information, along with management's representation that the listing is complete. There was evidence that supported the hours paid at termination and the authorized pay rate at termination.

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

Management provided the requested information, along with management's representation that the listing is complete.

Ethics (excluding nonprofits)

Not applicable to nonprofit organizations.

Debt Service (excluding nonprofits)

Not applicable to nonprofit organizations.

Other

16. 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 is not aware of any misappropriation of public funds or assets.

17. 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.

CSP has posted on its premises and website the notice required by R.S. 24:523.1.

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.



Cook & Morehart
Certified Public Accountants
December 27, 2018