

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2019

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
MQVN Community Development Corporation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MQVN Community Development Corporation, Inc. (a nonprofit corporation), 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.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 MQVN Community Development Corporation, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note A-14 to financial statements, MQVN Community Development Corporation, Inc. adopted the Financial Accounting Standards Board's ASU 2016-14, "Not-for-Profit Entities" for the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited MQVN Community Development Corporation, Inc.'s 2017 financial statements, and our report dated December 19, 2018, expressed a qualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents, including the schedule of Compensation, Benefits and Other Payment to Agency Head or Chief Executive Officer, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of MQVN Community Development Corporation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 MQVN Community Development Corporation, Inc.'s internal control over financial reporting and compliance.

Cassio + Schmidt, LLC.

Metairie, Louisiana
December 4, 2019

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

	<u>June 30, 2019</u>	<u>Summarized Comparative Information June 30, 2018</u>
CURRENT ASSETS		
Cash	\$ 3,350,655	\$ 2,955,249
Receivables (Notes A-11 and C)	978,538	794,280
Prepaid expenses	<u>50,889</u>	<u>44,917</u>
Total current assets	4,380,082	3,794,446
PROPERTY AND EQUIPMENT - at cost (Notes A-4, D and E)	<u>2,154,707</u>	<u>2,237,161</u>
Total assets	<u>\$ 6,534,789</u>	<u>\$ 6,031,607</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current maturities of long-term obligations	\$ 11,257	\$ 110,953
Accounts payable and accrued expenses	<u>145,523</u>	<u>48,679</u>
Total current liabilities	156,780	159,632
LONG - TERM OBLIGATIONS,		
Less current maturities (Note E)	<u>152,089</u>	<u>61,584</u>
Total liabilities	308,869	221,216
NET ASSETS (Notes A-2 and F)		
Without donor restrictions	4,276,071	3,778,088
With donor restrictions	<u>1,949,849</u>	<u>2,032,303</u>
Total net assets	<u>6,225,920</u>	<u>5,810,391</u>
Total liabilities and net assets	<u>\$ 6,534,789</u>	<u>\$ 6,031,607</u>

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<u>Summarized Comparative Information June 30, 2018</u>
REVENUE				
Grant appropriations	\$ 1,675,082	\$ -	\$ 1,675,082	\$ 1,673,143
Health care service revenue	1,685,485	-	1,685,485	1,796,002
Sale of produce	120,454	-	120,454	107,425
140B-Drug Program	188,942	-	188,942	-
Incentive income	81,625	-	81,625	40,151
Other	41,384	-	41,384	32,987
Net assets released from restriction	<u>82,454</u>	<u>(82,454)</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>3,875,426</u>	 <u>(82,454)</u>	 <u>3,792,972</u>	 <u>3,649,708</u>
EXPENSES				
Personnel	2,126,987	-	2,126,987	1,990,467
Travel/meetings	55,537	-	55,537	59,203
Operating services	96,403	-	96,403	102,417
Supplies	28,311	-	28,311	24,414
Professional services	241,175	-	241,175	136,840
Occupancy/Utilities	18,237	-	18,237	24,035
Health Clinic	564,766	-	564,766	520,955
Equipment/Maintenance	21,932	-	21,932	67,813
Taxes/licenses	5,447	-	5,447	6,845
Food Production	97,535	-	97,535	90,783
Depreciation	117,523	-	117,523	112,651
Other expenses	3,590	-	3,590	42,937
Total	<u>3,377,443</u>	<u>-</u>	<u>3,377,443</u>	<u>3,181,360</u>
 Increase in Net Assets	 497,983	 (82,454)	 415,529	 468,348
 Net Assets, Beginning of Year	 <u>3,778,088</u>	 <u>2,032,303</u>	 <u>5,810,391</u>	 <u>5,342,043</u>
 Net Assets, End of Year	 <u>\$ 4,276,071</u>	 <u>\$ 1,949,849</u>	 <u>\$ 6,225,920</u>	 <u>\$ 5,810,391</u>

The accompanying notes are an integral part of this statement.

MQVN Community Development Corporation, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

		Summarized Comparative Information <u>June 30, 2018</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Grants	\$ 1,490,824	\$ 1,424,750
Health care service revenue	1,685,485	1,637,530
Other	432,405	283,879
Payments to employees and suppliers	(3,163,763)	(3,111,933)
Interest expense	(5,285)	(5,286)
Net Cash Provided by Operating Activities	439,666	228,940
Cash Flows from Investing Activities		
Property and equipment acquisitions	(35,069)	-
Net Cash (Used) in Investing Activities	(35,069)	-
Cash Flows from Financing Activities		
Long-term debt payments	(9,191)	(9,190)
Net Cash Provided (Used) by Financing Activities	(9,191)	(9,190)
Net Increase in Cash and Cash Equivalents	395,406	219,750
Cash and Cash Equivalents at Beginning of Year	<u>2,955,249</u>	<u>2,735,499</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,350,655</u>	<u>\$ 2,955,249</u>

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

		Summarized Comparative Information <u>June 30, 2018</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase in net assets	\$ <u>415,529</u>	\$ <u>468,348</u>
Adjustments to reconcile increase in net assets to net cash (used) by operating activities:		
Depreciation	117,523	112,651
Changes in assets and liabilities:		
(Increase) decrease in receivables	(184,258)	(303,548)
Increase (decrease) in accounts payable	96,844	(303,548)
(Increase) decrease in prepaid expenses	<u>(5,972)</u>	<u>6,158</u>
Total adjustments	<u>24,137</u>	(239,408)
Net Cash Provided by Operating Activities	\$ <u>439,666</u>	\$ <u>228,940</u>
Supplemental cash flow information:		
Interest paid	\$ 5,285	\$ 5,286

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

1. Nature of Activities

MQVN Community Development Corporation, Inc. began operations in July 2006. MQVN Community Development Corporation, Inc.'s (MQVN-CDC) mission is to rebuild the New Orleans East community and to contribute to the rebuilding of a more equitable New Orleans. To achieve this mission, MQVN-CDC focuses on four key strategies: facilitate community access to services and resources to rebuild their lives, organize residents to ensure they have a voice in the rebuilding process, develop affordable housing for low-income families, and promote quality health care and education as well as business development and neighborhood ethnic business district revitalization. MQVN - CDC also began operating a medical clinic in March 2013.

2. Presentation of Financial Statements

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, and the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors are considered donor restricted. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded at their estimated fair value at the date of donation.

3. Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, also when grant services are performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Donated services are recorded at the fair value of the donated services and are recognized if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills provided by persons possessing those skills, and would need to be purchased if they were not donated.

5. Property and Equipment

MQVN Community Development Corporation, Inc. follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of the assets.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support.

Depreciation for the year ended June 30, 2019 amounted to \$117,523.

6. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

7. Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Cash

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Cash deposits were maintained in two banks at June 30, 2019. The amount exceeding Federal Deposit Insurance was \$3,115,605.

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

9. Advertising Costs

Advertising costs are expensed when incurred. Advertising expense amounted to \$4,346 for the year ended June 30, 2019.

10. Fair Values of Financial Instruments

The carrying amount of cash and cash equivalents reported in the statement of financial position approximates fair value because of the short maturities of those instruments.

11. Receivables

Receivables are principally due from grants and contracts. Accordingly, the Corporation considers the receivables to be fully collectible. If amounts due become uncollectible, they will be charged to operations when that determination is made.

12. Subsequent Events

Management has evaluated subsequent events through December 4, 2019, the date the financial statements were available to be issued.

13. Functional allocation of Expenses

The expenses of providing programs and other activities have been summarized on a functional basis. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

14. Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, an update for *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for Profit Entities*. Under the ASU, the number of net classes are decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. The ASU has been applied by the Corporation for the year ended June 30, 2019.

In June, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958)*, clarifying the scope and accounting guidance for Contributions Received and Contributions Made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for fiscal period beginning after December 15, 2018.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

15. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2018, from which the summarized information is derived.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 3,350,655
Receivables	978,538
Prepaid expenses	50,889
	<u>\$ 4,380,082</u>

The Corporation's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C - RECEIVABLES

Receivables at June 30, 2019, consist of the following:

	<u>Receivables</u>	<u>Revenue</u>
Asian & Pacific Islander American Health Forum (APIAHF - ICAN)	\$ -	\$ 5,000
Athena	312,720	1,603,423
Environmental Protection Agency (EPA)	-	60,042
Health Resources & Services Administration (HRSA)	550,801	1,381,535
Louisiana Breast & Cervical Health Program (LBCHP)	32,679	81,055
New Orleans Redevelopment Authority (NORA)	10,705	122,504
United Way	-	25,860
Steps Coalition	-	3,450
VEGGI	35,892	148,401
LSU Colorectal Program (LCHP)	-	20,000
340 B Drug Program	-	188,942
Impact Study-Tulane	1,007	2,507
Incentive Income	-	81,625
National Fish and Wildlife	14,241	14,241
Foundation for Louisiana	-	15,000
Greater new Orleans Foundation	-	15,000
Other	20,493	24,387
	<u>\$ 978,538</u>	<u>\$ 3,792,972</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019.

Land	\$ 204,858
Building	2,118,739
Building equipment	11,142
Medical equipment	347,755
Office equipment	61,536
VEGGI equipment	<u>21,142</u>
	2,765,172
Less accumulated depreciation	<u>610,465</u>
	 <u>\$ 2,154,707</u>

NOTE E - LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

Note payable to a funding agency which was funded with proceeds received by the lender under an agreement with the State of Louisiana through the CDBG disaster recovery program. The note is uncollateralized and non interest bearing, and is due December 31, 2020. \$ 99,903

Note payable, collateralized by property at 13085 Chef Menteur Highway New Orleans, payable \$1,206 per month, and expiring May 1, 2024. The interest rate is variable. At June 30, 2019 it was 7.75% 63,443

Total 163,346

Less current portion 11,257

Long-term obligations, less current portion \$ 152,089

Principal maturities on long-term obligations for the following years ending:

June 30, 2020	\$ 11,257
June 30, 2021	112,064
June 30, 2022	13,138
June 30, 2023	14,193
June 30, 2024	<u>12,694</u>
	<u>\$ 163,346</u>

Interest expense for the year amounted to \$5,285.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consists of the following at June 30, 2019:

Property and equipment \$ 1,949,849

Releases from donor restricted net assets for 2019 are as follows:

Releases from restrictions:

Property and equipment \$ 82,454

NOTE G - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

MQVN Community Development Corporation, Inc. has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. MQVN Community Development Corporation, Inc. does not believe its financial statements include any uncertain tax positions.

NOTE H - FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 2019 are as follows:

	Program <u>Services</u>	General & <u>Administrative</u>	<u>Total</u>
Personnel	\$ 1,916,569	\$ 210,418	\$ 2,126,987
Travel/meetings	55,537	-	55,537
Operating services	27,091	69,312	96,403
Supplies	28,311	-	28,311
Professional services	241,175	-	241,175
Occupancy/Utilities	2,020	16,217	18,237
Health Clinic	564,766	-	564,766
Equipment/Maintenance	17,402	4,530	21,932
Taxes/licenses	5,447	-	5,447
Food Production	97,535	-	97,535
Depreciation	117,523	-	117,523
Other expenses	3,400	190	3,590
Total	\$ <u>3,076,776</u>	\$ <u>300,667</u>	\$ <u>3,377,443</u>

NOTE I - EMPLOYEE BENEFIT PLAN

The Corporation sponsors a 403(b) defined benefit plan, which has an option to make discretionary matching contributions. The plan provides for voluntary salary deferrals for employees that have worked 1,000 hours in a specified 12 - month period. For the year ended June 30, 2019, the Corporation did not make contributions.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE J - CLASSIFICATION OF ACCOUNTS

Certain prior year accounts have been reclassified to agree to the current year presentation.

NOTE K - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

NOTE L - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue through governmental and other grants. The grant amounts are appropriated each year. If significant budget cuts are made, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

Approximately 44% of the corporation's support for the year ended June 30, 2019 was provided by grants.

SUPPLEMENTAL INFORMATION

**MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF ACTIVITIES - HEALTH CENTER**

Year Ended June 30, 2019

	<u>HRSA NAP</u> 330	<u>IMPACTS</u> Study	<u>LBCHP</u>	<u>LSU - LCHP</u>	<u>Operating</u>	<u>General & Administrative</u>	<u>Total</u>
Revenue							
Government grants	\$ 1,381,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,381,535
Grants - other	-	1,500	-	20,000	4,000	-	25,500
Donations	-	-	-	-	1,000	-	1,000
Service fees	-	1,007	81,055	-	1,603,423	-	1,685,485
Incentive income	-	-	-	-	81,625	-	81,625
340B-Drug Program	-	-	-	-	188,942	-	188,942
Total	<u>1,381,535</u>	<u>2,507</u>	<u>81,055</u>	<u>20,000</u>	<u>1,878,990</u>	<u>-</u>	<u>3,364,087</u>
Expenses							
Personnel	1,168,113	-	-	20,000	597,015	168,311	1,953,439
Travel/Meetings	2,295	-	-	-	39,896	-	42,191
Operating services	1,478	-	91	-	22,197	64,105	87,871
Supplies	653	-	-	-	15,906	-	16,559
Professional services	48,600	-	-	-	49,817	-	98,417
Occupancy	-	-	-	-	-	14,467	14,467
Health Clinic	116,057	-	2,406	-	446,303	-	564,766
Other expenses	750	-	-	-	-	-	750
Equipment/Maintenance	8,520	-	-	-	7,540	4,530	20,590
Taxes/Licenses	-	-	-	-	5,447	-	5,447
Depreciation	-	-	-	-	117,523	-	117,523
Total	<u>1,346,466</u>	<u>-</u>	<u>2,497</u>	<u>20,000</u>	<u>1,301,644</u>	<u>251,413</u>	<u>2,922,020</u>
Increase (Decrease)							
in Net Assets	35,069	2,507	78,558	-	577,346	(251,413)	442,067
Transfers to Operating	-	(2,507)	(78,558)	-	(170,348)	251,413	-
Property/equipment capitalized	(35,069)	-	-	-	35,069	-	-
Net Assets, Beginning of Year	-	-	-	-	5,516,505	-	5,516,505
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,958,572</u>	<u>\$ -</u>	<u>\$ 5,958,572</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF ACTIVITIES - Community Development
Year Ended June 30, 2019

	<u>APIAHF</u>	<u>APIAHF - GCRC</u>	<u>EPA</u>	<u>GNOF</u>	<u>NFWF</u>	<u>NORA Facade Placemaking</u>	<u>United Way</u>	<u>VEGGI</u>	<u>Operating</u>	<u>General & Administrative</u>	<u>TOTAL</u>
Revenue											
Federal Grants	\$ -	\$ -	\$ 60,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,042
Grans - other	5,000	3,450	-	15,000	14,241	122,504	25,860	-	21,950	-	208,005
Program fees	-	-	-	-	-	-	-	27,937	-	-	27,937
Donations	-	-	-	-	-	-	-	10	4,765	-	4,775
Sales of product	-	-	-	-	-	-	-	120,454	-	-	120,454
Other income	-	-	-	-	-	-	-	-	7,672	-	7,672
Total	<u>5,000</u>	<u>3,450</u>	<u>60,042</u>	<u>15,000</u>	<u>14,241</u>	<u>122,504</u>	<u>25,860</u>	<u>148,401</u>	<u>34,387</u>	<u>-</u>	<u>428,885</u>
Expenses											
Personnel	-	3,450	22,801	-	14,241	-	25,860	36,458	28,631	42,107	173,548
Travel/Meetings	-	-	12,857	78	-	-	-	250	161	-	13,346
Operating services	-	-	-	-	-	-	-	1,888	1,437	5,207	8,532
Supplies	-	-	9,529	-	-	-	-	2,188	35	-	11,752
Professional services	-	-	14,504	-	-	122,504	-	-	5,750	-	142,758
Occupancy	-	-	-	-	-	-	-	2,020	-	1,750	3,770
Food production	-	-	54	-	-	-	-	97,481	-	-	97,535
Other expenses	-	-	-	-	-	-	-	2,625	25	190	2,840
Equipment/Maintenance	-	-	297	-	-	-	-	1,045	-	-	1,342
Total	<u>-</u>	<u>3,450</u>	<u>60,042</u>	<u>78</u>	<u>14,241</u>	<u>122,504</u>	<u>25,860</u>	<u>143,955</u>	<u>36,039</u>	<u>49,254</u>	<u>455,423</u>
Increase (Decrease)											
in Net Assets	5,000	-	-	14,922	-	-	-	4,446	(1,652)	(49,254)	(26,538)
Transfers to Operating	(5,000)			(14,922)				(4,446)	(24,886)	49,254	-
Net Assets, Beginning											
of Year	-	-	-	-	-	-	-	-	461,092	-	461,092
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,554</u>	<u>\$ -</u>	<u>\$ 434,554</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - HEALTH CENTER
Year Ended June 30, 2019

	<u>HRSA NAP</u> 330	<u>IMPACTS</u> Study	<u>LBCHP</u>	<u>LSU -</u> <u>LCHP</u>	<u>Operating</u>	<u>General &</u> <u>Administrative</u>	<u>Total</u>
Personnel							
Staff salaries	\$ 574,468	\$ -	\$ -	\$ 16,670	\$ 494,928	\$ -	\$ 1,086,066
Officers and Directors	293,954	-	-	-	-	155,470	449,424
Payroll taxes	62,427	-	-	1,215	51,139	-	114,781
Health insurance	47,425	-	-	2,115	38,813	12,841	101,194
Obstetrician/Gynecologist	59,850	-	-	-	-	-	59,850
Psychiatry services	109,133	-	-	-	10,295	-	119,428
Allergy services	20,856	-	-	-	1,840	-	22,696
	<u>1,168,113</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>597,015</u>	<u>168,311</u>	<u>1,953,439</u>
Travel/Meetings							
Staff development & training	-	-	-	-	26,801	-	26,801
Meeting costs	-	-	-	-	4,743	-	4,743
Conference & Registration	799	-	-	-	3,830	-	4,629
Travel	1,496	-	-	-	4,522	-	6,018
	<u>2,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,896</u>	<u>-</u>	<u>42,191</u>
Operating Services							
Insurance	-	-	-	-	-	38,829	38,829
IT Support	-	-	-	-	7,760	-	7,760
Telephone & Internet	-	-	-	-	-	25,276	25,276
Advertising & Marketing	1,478	-	91	-	2,777	-	4,346
Payroll & bank service fees	-	-	-	-	11,660	-	11,660
	<u>1,478</u>	<u>-</u>	<u>91</u>	<u>-</u>	<u>22,197</u>	<u>64,105</u>	<u>87,871</u>
Supplies							
Postage	-	-	-	-	877	-	877
Office supplies	653	-	-	-	15,029	-	15,682
	<u>653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,906</u>	<u>-</u>	<u>16,559</u>
Professional services							
Accounting/Auditing	-	-	-	-	17,250	-	17,250
Professional services	-	-	-	-	30,267	-	30,267
Consultant	48,600	-	-	-	2,300	-	50,900
	<u>48,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,817</u>	<u>-</u>	<u>98,417</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - HEALTH CENTER
Year Ended June 30, 2019 - Continued

	<u>HRSA NAP</u> <u>330</u>	<u>IMPACTS</u> <u>Study</u>	<u>LBCHP</u>	<u>LSU -</u> <u>LCHP</u>	<u>Operating</u>	<u>General &</u> <u>Administrative</u>	<u>Total</u>
Occupancy							
Utilities	-	-	-	-	-	14,467	14,467
	-	-	-	-	-	14,467	14,467
Health Clinic							
Pharmaceuticals	237	-	-	-	24,566	-	24,803
340B Drug Program	-	-	-	-	121,986	-	121,986
Lab Fees	57,777	-	-	-	200	-	57,977
Professional medical services	-	-	-	-	25,126	-	25,126
Professional dues & subscriptions	18,490	-	-	-	40,730	-	59,220
Medical supplies	39,553	-	2,406	-	90,412	-	132,371
Medical licensees/permits	-	-	-	-	2,464	-	2,464
Coding, Billing, & Collection services	-	-	-	-	140,819	-	140,819
	116,057	-	2,406	-	446,303	-	564,766
Other Expenses							
Fees & Penalties	750	-	-	-	-	-	750
	750	-	-	-	-	-	750
Equipment/maintenance							
Repair & Maintenance	-	-	-	-	844	4,530	5,374
Office equipment	8,520	-	-	-	6,696	-	15,216
	8,520	-	-	-	7,540	4,530	20,590
Taxes/Licenses							
Interest expense	-	-	-	-	5,285	-	5,285
Licenses & Permits	-	-	-	-	162	-	162
	-	-	-	-	5,447	-	5,447
Depreciation & Amortization							
Depreciation expense - Clinic	-	-	-	-	66,867	-	66,867
Depreciation expenses - medical equip	-	-	-	-	50,656	-	50,656
	\$ -	\$ -	\$ -	\$ -	\$ 117,523	\$ -	\$ 117,523
Total	\$ 1,346,466	\$ -	\$ 2,497	\$ 20,000	\$ 1,301,644	\$ 251,413	\$ 2,922,020

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - Community Development
Year Ended June 30, 2019

	<u>APIAHF -</u> <u>GCRC</u>	<u>EPA</u>	<u>GNOF</u>	<u>NFWF</u>	<u>NORA Facade</u> <u>Placemaking</u>	<u>United Way</u>	<u>VEGGI</u>	<u>Operating</u>	<u>General &</u> <u>Administrative</u>	<u>Total</u>
Personnel										
Staff salaries	\$ -	\$ 5,285	\$ -	\$ 6,387	\$ -	\$ 20,950	\$ 33,784	\$ 16,133	\$ -	\$ 82,539
Officers & Directors	3,450	12,698	-	2,460	-	2,772	-	26	32,518	53,924
Urban Farm Project Manager	-	3,590	-	4,100	-	-	-	9,493	-	17,183
Payroll taxes	-	1,228	-	687	-	2,138	2,674	2,979	546	10,252
Health insurance	-	-	-	607	-	-	-	-	9,043	9,650
	<u>3,450</u>	<u>22,801</u>	<u>-</u>	<u>14,241</u>	<u>-</u>	<u>25,860</u>	<u>36,458</u>	<u>28,631</u>	<u>42,107</u>	<u>173,548</u>
Travel/Meetings										
Staff Development & Training	-	12,750	-	-	-	-	250	-	-	13,000
Meeting costs	-	107	-	-	-	-	-	161	-	268
Travel	-	-	78	-	-	-	-	-	-	78
	<u>-</u>	<u>12,857</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>161</u>	<u>-</u>	<u>13,346</u>
Operating Services										
Insurance	-	-	-	-	-	-	1,073	-	3,475	4,548
Telephone & Internet	-	-	-	-	-	-	-	-	1,732	1,732
Dues & Subscriptions	-	-	-	-	-	-	63	405	-	468
Payroll & Bank service fees	-	-	-	-	-	-	752	1,032	-	1,784
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,888</u>	<u>1,437</u>	<u>5,207</u>	<u>8,532</u>
Supplies										
Supplies & Materials	-	9,529	-	-	-	-	2,188	35	-	11,752
	<u>-</u>	<u>9,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,188</u>	<u>35</u>	<u>-</u>	<u>11,752</u>
Professional Services										
Accounting/Auditing	-	-	-	-	-	-	-	5,750	-	5,750
Facade improvement	-	-	-	-	122,504	-	-	-	-	122,504
Consultants	-	14,000	-	-	-	-	-	-	-	14,000
Professional services	-	504	-	-	-	-	-	-	-	504
	<u>-</u>	<u>14,504</u>	<u>-</u>	<u>-</u>	<u>122,504</u>	<u>-</u>	<u>-</u>	<u>5,750</u>	<u>-</u>	<u>142,758</u>
Occupancy										
Utilities	-	-	-	-	-	-	2,020	-	1,750	3,770
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,020</u>	<u>-</u>	<u>1,750</u>	<u>3,770</u>
Food Production										
Purchases for resale	-	-	-	-	-	-	40,149	-	-	40,149
Soy for resale	-	-	-	-	-	-	50,404	-	-	50,404
Delivery	-	54	-	-	-	-	6,105	-	-	6,159
Materials	-	-	-	-	-	-	823	-	-	823
	<u>-</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,481</u>	<u>-</u>	<u>-</u>	<u>97,535</u>
Other Expenses										
Bad debt	-	-	-	-	-	-	1,014	-	-	1,014
Fees & Penalties	-	-	-	-	-	-	1,611	25	190	1,826
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625</u>	<u>25</u>	<u>190</u>	<u>2,840</u>
Equipment/Maintenance										
Repair & Maintenance	-	-	-	-	-	-	895	-	-	895
Office equipment	-	297	-	-	-	-	150	-	-	447
	<u>-</u>	<u>297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,045</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total	<u>\$ 3,450</u>	<u>\$ 60,042</u>	<u>\$ 78</u>	<u>\$ 14,241</u>	<u>\$ 122,504</u>	<u>\$ 25,860</u>	<u>\$ 143,955</u>	<u>\$ 36,039</u>	<u>\$ 49,254</u>	<u>\$ 455,423</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2019

Agency Head Name: Tuan Nguyen

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 28,404
Benefits, insurance	1,654
Reimbursements	<u>7,797</u>
	<u>\$ 37,855</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR END</u>	<u>FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Health Resources and Services Administration (HRSA)			
Health Center	93.224	01/31/2019	837,311
Health Center	93.224	01/31/2020	\$ <u>544,224</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,381,535</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Viet Village housing Urban Water Management Collaboration	66.306	10/1/2018	<u>60,042</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>60,042</u>
TOTAL FEDERAL AWARDS			\$ <u>1,441,577</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of MQVN Community Development Corporation, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Par 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 MQVN Community Development Corporation, Inc. it is not intended to and does not present the financial position, changes in net assets or cash flow of MQVN Community Development Corporation, Inc.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

MQVN Community Development Corporation, Inc. has not elected to use the 10% de minimis indirect cost rate.

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

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
MQVN Community Development Corporation, Inc.

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 MQVN Community Development Corporation, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered MQVN Community Development Corporation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control. Accordingly, we 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MQVN Community Development Corporation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cascio & Schmidt, LLP.

Metairie, Louisiana
December 4, 2019

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

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

To the Board of Directors
MQVN Community Development Corporation, Inc.

Report on Compliance for Each Major Federal Program

We have audited MQVN Community Development Corporation, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of MQVN Community Development Corporation, Inc.'s major federal programs for the year ended June 30, 2019. MQVN Community Development Corporation, Inc.'s major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MQVN Community Development Corporation, 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform standards 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 MQVN Community Development Corporation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MQVN Community Development Corporation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion MQVN Community Development Corporation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of MQVN Community Development Corporation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance of requirements referred to above. In planning and performing our audit of compliance, we considered MQVN Community Development Corporation, 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 to 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 MQVN Community Development Corporation, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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 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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

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.



Metairie, Louisiana
December 4, 2019

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

A. SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? yes no

The programs tested as major programs included:

U. S. Department of Health and Human Services
Health Resources and Services Administration

(HRSA) Health Center (CFDA #93.224)

The threshold for distinguishing Type A and Type B programs was \$750,000.

Auditee qualified as a low-risk auditee? yes no

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2019.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no items identified in the course of our testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

Compliance

	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings</u>
2018-001 Late filing of financial statements	X		

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEWIDE AGREED-UPON PROCEDURES

For the year ended June 30, 2019

CASCIO & SCHMIDT, LLC
Certified Public Accountants

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of MQVN Community Development Corporation, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by MQVN Community Development Corporation, Inc. and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year July 1, 2018 through June 30, 2019. The MQVN Community Development Corporation, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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 results are as follows:

Written Policies and Procedures

Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit card, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111 - 1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6a) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were found as a result of these procedures.

Board or Finance Committee

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:

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.

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 year.*

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.

No exceptions were found as a result of these procedures.

Bank Reconciliations

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

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 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

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.

No exceptions were found as a result of these procedures.

Collections

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).

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:

Employees that are responsible for cash collections do not share cash drawers/registers. 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 be deposit.

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(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.

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

Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Observe that receipts are sequentially pre-numbered.

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

Trace the deposit slip total to the actual deposit per the bank statement.

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).

Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of these procedures.

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

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).

For each location selected, 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 not written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

At least two employees are involved in processing and approving payments to vendors.

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.

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.

For each location selected above also, 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:

Observe that the disbursement matched the related original invoice/billing statement.

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties, as applicable.

No exceptions were found as a result of these procedures.

Credit Cards

Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor of a Lawrason Act municipality); these instances should not be reported.]]

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

Using the monthly statements or combined statements selected, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transactions, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

N/A The Organization does not use credit cards.

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

Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

If reimbursed using a pre diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Observe that each reimbursement supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals

participating) and other documentation required by written policy.

Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

Obtain from management a listing of all agreements/contracts for professional services, material and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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.

Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

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

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.

No exceptions were found as a result of these procedures.

Payroll and Personnel

Obtain a listing of the 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.

Randomly select one pay period during the fiscal period. For the 5 employees/officials selected, obtain attendance records and leave documentation for the pay period and:

Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to

earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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

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

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.

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.

Results

Employee attendance is not being approved by their supervisors.

Ethics

Non-Profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

Debt Service

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

Other

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.

Observe that the entity has posted on its premisses and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abusive of public funds.

No exceptions were found as a result of this procedure.

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 control and compliance areas identified in the State Agreed-Upon Procedures. 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 control and compliance areas identified in the State Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

Cassio J. Schmidt, LLC.

Metairie, Louisiana

December 4, 2019

RESPONSE

MQVN Community Development Corporation, Inc.
Audit 6/30/2019

Agreed-Upon Procedures

MQVN Community Development Corporation, Inc.

Payroll and Personnel

RESPONSE:

Employee attendance reports will be approved by their supervisors in the future.