

**Quad Area Community Action Agency, Inc.  
Hammond, Louisiana**

**Financial Statements With Auditors' Report**

**As of and for the Year Ended December 31, 2018  
With Supplemental Information Schedules**

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
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# COOK & MOREHART

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## Independent Auditor's Report

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Quad Area Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., which statements reflect total assets at December 31, 2018 \$1,525,337 and the total support and revenues for the year ended December 31, 2018 \$260,048. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LaPosada Apartments is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Quad Area Community Action Agency, Inc., as of December 31, 2018, 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.

## ***Effect of Adopting New Accounting Standard***

As described in Note 2 to the financial statements, Quad Area Community Action Agency, Inc. adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

## ***Report on Summarized Comparative Information***

We have previously audited Quad Area Community Action Agency, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived. The summarized comparative information presented herein as of and for the year ended December 31, 2017, for LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., was derived from the audit of LaPosada Apartments, which were audited by other auditors. Such information is consistent, in all material respects, with the 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 accompanying supplemental information shown on pages 16 – 20, are presented for the purpose of additional analysis and are not a required part of the financial statements of Quad Area Community Action Agency, Inc. The accompanying schedule of expenditures of federal awards, shown on pages 21 – 23, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quad Area Community Action Agency, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
June 25, 2019

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Financial Position  
December 31, 2018  
(With Comparative Amounts for 2017)

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 379,096	\$ 266,288
Grant receivables	309,039	577,630
Other receivables	3,513	514
Prepaid expenses	14,985	13,864
Total current assets	706,633	858,296
Restricted deposits and funded reserves	243,456	255,218
Property and equipment	6,850,178	6,744,569
Accumulated depreciation	(3,518,967)	(3,318,068)
Net property and equipment	3,331,211	3,426,501
<b>Total Assets</b>	\$ 4,281,300	\$ 4,540,015
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 179,140	\$ 350,515
Accrued liabilities	155,456	158,612
Current portion of long-term debt	174,830	178,735
Refundable advances	1,963	12,370
Total current liabilities	511,389	700,232
Deposits and prepayment liabilities:		
Tenant's security deposits	5,750	5,750
Long-term debt	1,110,058	1,284,628
Total liabilities	1,627,197	1,990,610
Net assets:		
With donor restrictions	116,183	79,250
Without donor restrictions	2,537,920	2,470,155
Total net assets	2,654,103	2,549,405
<b>Total Liabilities and Net Assets</b>	\$ 4,281,300	\$ 4,540,015

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2018  
(With Comparative Amounts for 2017)

	Without Donor Restrictions	With Donor Restrictions	Totals 2018	Totals 2017
Revenues and Other Support:				
Contractual revenue - grants	\$ 11,178,065	\$ 73,345	\$ 11,251,410	\$ 10,457,948
Rents	37,106		37,106	47,903
Rental assistance subsidy	237,899		237,899	244,063
Fees earned	6,256		6,256	5,544
Miscellaneous revenues	104,554	31,325	135,879	136,984
Net assets released from restrictions:				
Satisfaction of restrictions	67,737	(67,737)		
<b>Total revenues and other support</b>	<b>11,631,617</b>	<b>36,933</b>	<b>11,668,550</b>	<b>10,892,442</b>
Expenses:				
Home energy assistance	3,600,906		3,600,906	3,204,480
Community services	1,215,493		1,215,493	1,099,702
Weatherization assistance	2,554,708		2,554,708	2,240,083
Head start program	1,215,576		1,215,576	1,199,205
St. Amant learning				9,258
Child nutrition	173,909		173,909	196,636
Foster grandparents program	429,314		429,314	405,058
Literacy education				85,752
Rental housing project	180,567		180,567	194,328
VA Grant & Per Diem	513,583		513,583	506,420
Youth Build	524,821		524,821	491,842
Americorps	46,516		46,516	29,208
Homeowner Rehabilitation Program				196,355
Out of School Youth Program	29,562		29,562	
General services	72,190		72,190	63,960
General and Administrative expenses	1,006,707		1,006,707	942,712
<b>Total expenses</b>	<b>11,563,852</b>		<b>11,563,852</b>	<b>10,864,999</b>
Changes in net assets from operations	67,765	36,933	104,698	27,443
Net assets, beginning of year	2,470,155	79,250	2,549,405	2,521,962
Net assets, end of year	<u>\$ 2,537,920</u>	<u>\$ 116,183</u>	<u>\$ 2,654,103</u>	<u>\$ 2,549,405</u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2018  
(With Comparative Amounts for 2017)

	Program Services	Administrative	Total 2018	Total 2017
Salaries	\$ 2,346,648	\$ 619,113	\$ 2,965,761	\$ 2,935,062
Fringe Benefits	524,771	121,309	646,080	570,482
Travel	103,816	7,086	110,902	116,286
Space Costs	236,418	49,104	285,522	299,224
Telephone	75,285	7,876	83,161	83,504
Operation and maintenance	120,101		120,101	97,520
Administrative		79,569	79,569	71,333
Insurance	124,288	2,214	126,502	145,082
Equipment expense	10,455	4,988	15,443	16,116
Supplies	2,121,566	35,517	2,157,083	2,064,657
Professional services and contract labor	207,451	13,695	221,146	67,902
Food and related supplies	176,233	8,556	184,789	185,681
Miscellaneous	57,211	24,292	81,503	79,147
Vehicle expense	6,525	12,631	19,156	15,796
Volunteer expense	335,933		335,933	320,794
Client assistance payments	3,884,279		3,884,279	3,543,880
Interest expense	37,105	8,918	46,023	53,736
Depreciation expense	189,060	11,839	200,899	198,797
<b>Total Expenses</b>	<b><u>\$ 10,557,145</u></b>	<b><u>\$ 1,006,707</u></b>	<b><u>\$ 11,563,852</u></b>	<b><u>\$ 10,864,999</u></b>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(With Comparative Amounts for 2017)

Operating Activities	2018	2017
Change in net assets	\$ 104,698	\$ 27,443
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	200,899	198,797
Donation of capital assets	(26,075)	
Loss on fixed asset disposal		49
(Increase) decrease in operating assets:		
Grant receivables	268,591	(244,970)
Other receivables	(2,999)	159
Prepaid expense	(1,121)	
Restricted deposits and funds	11,762	(15,115)
Increase (decrease) in operating liabilities:		
Accounts payable	(171,375)	58,240
Accrued liabilities	(3,156)	11,205
Refundable advances	(10,407)	(14,595)
Net cash provided by operating activities	370,817	21,213
 Investing Activities		
Payments for property and equipment	(79,274)	(9,887)
Net cash (used) in investing activities	(79,274)	(9,887)
 Financing Activities		
Proceeds from line of credit	190,000	160,000
Repayments of line of credit	(190,000)	(160,000)
Repayments of long-term debt	(178,735)	(177,405)
Net cash (used) in financing activities	(178,735)	(177,405)
 Net increase (decrease) in cash	112,808	(166,079)
 Cash as of beginning of year	266,288	432,367
 Cash as of end of year	\$ 379,096	\$ 266,288
 Supplemental disclosures:		
Cash paid for interest	\$ 46,023	\$ 53,736
 Non-cash investing and financing transaction:		
Acquisition of vehicles and equipment through act of donation	\$ 26,075	\$

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Quad Area Community Action Agency, Inc. (QACAA) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. QACAA is governed by a Board of Directors from the different parishes that QACAA serves. QACAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in the following parishes of Louisiana: Ascension, East Feliciana, West Feliciana, Livingston, St. Helena, Tangipahoa, Washington, Assumption, St. James, St. Charles, Iberville, West Baton Rouge, East Baton Rouge, St. John, St. Tammany, Plaquemines, St. Bernard, Jefferson, and Orleans. The following programs, with their approximate percentage of total revenues indicated, are administered by QACAA:

**Home Energy Assistance (33%)** – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Community Services Block Grant (13%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Weatherization Assistance (23%)** – Weatherizes (insulates) the dwellings of low-income persons particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Head Start Program (11%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**Child Nutrition (2%)** – Operates a Child and Adult Care Food Program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

**Foster Grandparents Program (3%)** – Sets up projects which provide one-on-one help to children with special needs or exceptional needs in health, education, welfare and related settings. Foster grandparents must be low-income persons at least 60 years of age. Funding is provided by federal funds from the U.S. Agency the Corporation for National Service.

**Rental Housing Projects (3%)** – La Posada Apartments is a forty-unit apartment project located in Independence, Louisiana, that is owned and operated by QACCA. The project was placed in service during August, 2002, for the purpose of operating a rental housing project. Permanent financing is being provided by the Rural Housing Service (RHS), and the project is regulated by RHS as to rent charges and operating methods.

**VA Grant & Per Diem (4%)** – Provides funding for acquisition and renovation of a building to create transitional housing that will provide 34 beds for homeless veterans. Funding is provided by federal funds from the Department of Veterans Affairs (VA) Homeless Providers Grant and Per Diem program.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

**Americorps (1%)** – To assist individuals currently unemployed to gain work experience and valuable skills, and nonprofit organizations and communities negatively affected by the economic crisis will gain critical human resources. Funding is provided by federal funds through Youth Build USA.

**Youth Build (5%)** – To target disadvantaged youth to engage them in academic and occupational challenges, qualifying them to work on affordable or free housing intended for homeless/low-income projects. Funding is provided by federal funds from the U.S. Department of Labor.

**Out of School Youth (OSY) (1%)** – To target high school aged children not enrolled in school and to ensure that all students have access to appropriate services based on identified needs. The program can help to determine services based on individual needs and provide a variety of services and opportunities to encourage and assist them in achieving their full potential. Funding is provided by federal funds passed through the Tangipahoa Parish Government.

**General Services (1%)** – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

B. Basis of Accounting

The financial statements of QACAA 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 two classes of net assets:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of QACAA's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. QACAA has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

D. Income Taxes

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 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 reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2018.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of \$5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Facility related expenses are allocated to each function based upon square footage utilized by the function.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

J. Comparative Financial 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 general accepted accounting principles. Accordingly, such information should be read in conjunction with QACAA's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

K. Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the rental housing project. At December 31, 2018 this account was funded in an amount equal to the security deposit liability.

L. Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the corporation and the tenants of the rental housing project are operating leases.

(2) Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, QACAA adopted the Financial Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amount previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

(3) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC. At December 31, 2018, \$726,887 was held at financial institutions. Of this amount, \$548,145 was insured by the FDIC, and the remaining \$178,742 was uninsured.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2018 QACAA had no significant concentrations of credit risk in relation to grants receivable.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

(4) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2018, but not received until after that date.

(5) Refundable Advances

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

(6) Net Assets

Net assets at December 31, 2018, consisted of the following:

Net Assets Without Donor Restrictions:	
Undesignated	\$ 242,590
Net investment in property and equipment	<u>2,046,324</u>
Total undesignated net assets	<u>2,288,914</u>
Designated for Rental Housing Project	237,705
Designated for VA Grant and Per Diem Program	<u>11,301</u>
Total Designated for use for programs	<u>249,006</u>
Total net assets without donor restrictions	<u>2,537,920</u>
Net Assets With Donor Restrictions:	
Subject to expenditure for specified purpose –	
Restricted for Liheap program	35,428
Restricted for West Feliciana program	10,988
Restricted for Veterans program	<u>69,767</u>
Total net assets with donor restrictions	<u>116,183</u>
Total Net Assets	<u>\$2,654,103</u>

(7) Contractual Revenue – Grants

During the year ended December 31, 2018, QACAA received contractual revenue from federal and state grants in the amount of \$11,251,410. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Quad Area Community Action Agency, Inc.  
 Hammond, Louisiana  
 Notes to Financial Statements  
 December 31, 2018  
 (Continued)

(8) Liquidity and Availability of Financial Assets

QACAA monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. QACAA has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Financial assets at year-end:	
Cash and cash equivalents	\$ 379,096
Grant receivables	309,039
Other receivables	3,513
Cash restricted for deposits and funded reserves	<u>243,456</u>
Total financial assets	935,104
Less amounts not available to be used within one year:	
Net assets with donor restrictions	( 116,183)
Less designated assets which are designated for program use	<u>( 249,006)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 569,915</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 6, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary.

In addition to financial assets available to meet general expenditures over the year, QACAA operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of QACAA's cash and shows positive cash generated by operations of \$370,817 for fiscal year ending December 31, 2018. QACAA also has a \$300,000 line of credit available to meet cash flow needs.

(9) Restricted Deposits and Funded Reserves

In accordance with the loan agreement with RHS, a reserve for replacements is to be funded \$21,302 annually until the account reaches a balance of \$213,020. The required amount of reserves as of December 31, 2018 was \$192,778. The amount on hand at December 31, 2018, was \$236,627, which was funded. This amount is included in restricted deposits and funded reserves in the accompanying financial statements.

Also included in restricted deposits and fund reserves are escrow and security deposits at December 31, 2018 \$6,829.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

(10) Property and Equipment

An analysis of the property and equipment at December 31, 2018 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings and improvements	20 - 30 years	\$ 2,704,463	\$ 1,010,263	\$ 3,714,726
La Posada Apartment buildings	30 years	2,006,299		2,006,299
Land		67,250	100,250	167,500
Idle assets		8,550	20,616	29,166
Furniture and equipment	3 - 7 years	458,130	27,083	485,213
La Posada furniture and fixtures	3 - 7 years	33,106		33,106
Vehicles	3 - 5 years	365,089	49,079	414,168
Accumulated depreciation		<u>(2,811,657)</u>	<u>(707,310)</u>	<u>(3,518,967)</u>
Net investment in property and equipment		<u>\$ 2,831,230</u>	<u>\$ 499,981</u>	<u>\$ 3,331,211</u>

Depreciation expense for the year ended December 31, 2018 was \$200,899.

(11) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties. Rental costs on these items for the year ended December 31, 2018 was as follows:

	2018
Buildings	\$ 24,400
Equipment	28,583
	<u>\$ 52,983</u>

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

For the Year Ending December 30,	
2019	\$ 37,572
2020	26,755
2021	8,800
	<u>\$ 73,127</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

(12) Long-term Debt

Long-term debt at December 31, 2018 consisted of the following:

	2018
Note payable to a bank, due in monthly installments of \$9,621 including interest at 7.0%, secured by real estate; loan renewed February, 2015, due in monthly installments of \$8,970, including interest at 5.25%, final payment due February, 2020. Loan is also guaranteed by the U.S. Department of Agriculture for \$1,080,000 under a loan note guarantee.	\$ 93,217
Note payable with a bank dated January, 2010 payable in monthly payments of principal and interest as determined by bank; interest rate of 6.75%; loan renewed February, 2015, due in monthly installments of \$4,919; interest rate 5.25%; final payment due February, 2020; secured by real estate.	524,074
Two notes payable to Rural Housing Service, due in monthly installments of \$3,150 and \$501, including interest at 1.00%, secured by real estate, final payments due August 2035	641,314
Note payable to a bank, variable interest rate, 5.25% at December 31, 2012, due in 119 monthly payments of \$1,076.93; principle due November 26, 2022; secured by real estate.	26,283
Total Debt	1,284,888
Less current installments on long-term debt	( 174,830)
Non-current portion of long-term debt	\$ 1,110,058

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

For the Year Ending December 31,	Approximate Amount
2019	\$ 174,830
2020	542,316
2021	41,420
2022	39,103
2023	39,496
2024 – thereafter	447,723
	\$ 1,284,888

Interest expense on these notes for the year ended December 31, 2018 was \$46,023.

(Continued)

Quad Area Community Action Agency, Inc.  
 Hammond, Louisiana  
 Notes to Financial Statements  
 December 31, 2018  
 (Continued)

(13) Accrued Liabilities

Accrued liabilities at December 31, 2018 consisted of the following:

	2018
Payroll liabilities	\$ 153,741
Accrued interest payable	1,715
	\$ 155,456

(14) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest-earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the year ended December 31, 2018 was \$132,165.

(15) Partnership Investments

QACAA serves as the Managing General Partner for four different limited partnerships which manage apartment complexes under the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA entered into Management Sub-Contracts with Calhoun Property Management, Inc. and St. Amant Management Co., in which they will co-manage the Partnerships. QACAA's ownership percentage of all partnerships is .5%.

(16) Line of Credit

QACAA has a \$300,000 line of credit. The line of credit matures March 20, 2019, and is secured by a continuing security interest in all property. As of December 31, 2018, there was no outstanding balance on this line of credit. The line of credit was renewed on May 23, 2019, for a one-year period, in the amount of \$300,000.

(17) Subsequent Events

Subsequent events have been evaluated through June 25 2019, the date the financial statements were available to be issued.

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Financial Position  
December 31, 2018  
(With Comparative Totals for 2017)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Foster Grandparents Program	Rental Housing Project
<b>Assets</b>							
Current assets:							
Cash	\$ 37,228	\$ 1,838	\$ 57,318	\$ 4,301	\$ 2,292	\$ 1,963	\$ 26,916
Grant receivables	1,703	16,721	196,477	18,058	3,659		2,871
Other receivables							
Prepaid expenses							14,985
Due from other funds							
Total current assets	<u>38,931</u>	<u>18,559</u>	<u>253,795</u>	<u>22,359</u>	<u>5,951</u>	<u>1,963</u>	<u>44,772</u>
Restricted deposits and funded reserves							<u>243,456</u>
Property and equipment	23,258	22,828	167,119	1,864,247	5,235		2,039,405
Accumulated depreciation	(14,559)	(5,484)	(143,217)	(1,343,321)	(4,487)		(802,296)
Net property and equipment	<u>8,699</u>	<u>17,344</u>	<u>23,902</u>	<u>520,926</u>	<u>748</u>		<u>1,237,109</u>
<b>Total Assets</b>	<u>\$ 47,630</u>	<u>\$ 35,903</u>	<u>\$ 277,697</u>	<u>\$ 543,285</u>	<u>\$ 6,699</u>	<u>\$ 1,963</u>	<u>\$ 1,525,337</u>
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable	\$	\$	\$ 162,260	\$ 2,298	\$	\$	\$ 2,857
Accrued liabilities							534
Due to other funds	3,503	18,559	91,535	20,061	5,951		
Current portion long-term debt							37,949
Refundable advances						1,963	
Total current liabilities	<u>3,503</u>	<u>18,559</u>	<u>253,795</u>	<u>22,359</u>	<u>5,951</u>	<u>1,963</u>	<u>41,340</u>
Deposits and prepayment liabilities:							
Tenants' security deposits							5,750
Long-term debt							<u>603,365</u>
Total liabilities	<u>3,503</u>	<u>18,559</u>	<u>253,795</u>	<u>22,359</u>	<u>5,951</u>	<u>1,963</u>	<u>650,455</u>
Net assets:							
Without donor restrictions	8,699	17,344	23,902	520,926	748		874,882
With donor restrictions	35,428						
Total net assets	<u>44,127</u>	<u>17,344</u>	<u>23,902</u>	<u>520,926</u>	<u>748</u>		<u>874,882</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 47,630</u>	<u>\$ 35,903</u>	<u>\$ 277,697</u>	<u>\$ 543,285</u>	<u>\$ 6,699</u>	<u>\$ 1,963</u>	<u>\$ 1,525,337</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Financial Position  
December 31, 2018  
(With Comparative Totals for 2017)  
(Continued)

	VA Grant & Per Diem	Americorps	Youth Build	Out of School Youth	General Services	Total	
						2018	2017
<b>Assets</b>							
<b>Current assets:</b>							
Cash	\$ 9,189	\$ 11,157	\$ 624	\$ 23,165	\$ 203,105	\$ 379,096	\$ 266,288
Grant receivables	43,785	19,268		6,497		309,039	577,630
Other receivables					3,513	3,513	514
Prepaid expenses						14,985	13,864
Due from other funds					244,371	244,371	298,036
<b>Total current assets</b>	<b>52,974</b>	<b>30,425</b>	<b>624</b>	<b>29,662</b>	<b>450,989</b>	<b>951,004</b>	<b>1,156,332</b>
Restricted deposits and funded reserves						243,456	255,218
Property and equipment	1,501,495		19,300		1,207,291	6,850,178	6,744,569
Accumulated depreciation	(478,993)		(19,300)		(707,310)	(3,518,967)	(3,318,068)
<b>Net property and equipment</b>	<b>1,022,502</b>				<b>499,981</b>	<b>3,331,211</b>	<b>3,426,501</b>
<b>Total Assets</b>	<b>\$ 1,075,476</b>	<b>\$ 30,425</b>	<b>\$ 624</b>	<b>\$ 29,662</b>	<b>\$ 950,970</b>	<b>\$ 4,525,671</b>	<b>\$ 4,838,051</b>
<b>Liabilities and Net Assets</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 350	\$ 275	\$	\$	\$ 11,100	\$ 179,140	\$ 350,515
Accrued liabilities					154,922	155,456	158,612
Due to other funds	41,322	30,150	3,628	29,662		244,371	298,036
Current portion long-term debt	43,664				93,217	174,830	178,735
Refundable advances						1,963	12,370
<b>Total current liabilities</b>	<b>85,336</b>	<b>30,425</b>	<b>3,628</b>	<b>29,662</b>	<b>259,239</b>	<b>755,760</b>	<b>998,268</b>
Deposits and prepayment liabilities							
Tenants' security deposits						5,750	5,750
Long-term debt	506,693					1,110,058	1,284,628
<b>Total liabilities</b>	<b>592,029</b>	<b>30,425</b>	<b>3,628</b>	<b>29,662</b>	<b>259,239</b>	<b>1,871,568</b>	<b>2,288,646</b>
<b>Net assets:</b>							
Without donor restrictions	483,447		(3,004)		610,976	2,537,920	2,470,155
With donor restrictions					80,755	116,183	79,250
<b>Total net assets</b>	<b>483,447</b>		<b>(3,004)</b>		<b>691,731</b>	<b>2,654,103</b>	<b>2,549,405</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,075,476</b>	<b>\$ 30,425</b>	<b>\$ 624</b>	<b>\$ 29,662</b>	<b>\$ 950,970</b>	<b>\$ 4,525,671</b>	<b>\$ 4,838,051</b>

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

	Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Nutrition	Foster Grandparents Program	Rental Housing Project
<b>Revenues and Other Support:</b>							
Contractual revenue-grant	\$ 3,961,877	\$ 1,449,312	\$ 2,725,921	\$ 1,270,903	\$ 173,909	\$ 451,597	\$
Rents							7,380
Rental assistance subsidy							237,899
Fees earned							6,256
Miscellaneous revenues			26,075	1,092		1,837	8,513
<b>Total revenues and other support</b>	<u>3,961,877</u>	<u>1,449,312</u>	<u>2,751,996</u>	<u>1,271,995</u>	<u>173,909</u>	<u>453,434</u>	<u>260,048</u>
<b>Administrative expenses:</b>							
Salaries	197,128	166,361	96,880	88,109		20,677	
Fringe benefits	34,801	27,167	23,365	21,078		2,840	
Travel	753	2,909				603	
Space costs	14,625	238	33,641				
Telephone	5,577						
Administrative Insurance	1,784						79,569
Equipment expenses		4,988					
Supplies	29,180	2,207					
Professional services and contract labor		12,695	1,000				
Food and related supplies							
Miscellaneous		11					
Vehicle expenses							
Interest expense							
Depreciation expense							
<b>Total administrative expenses</b>	<u>283,848</u>	<u>216,576</u>	<u>154,886</u>	<u>109,187</u>		<u>24,120</u>	<u>79,569</u>
<b>Program expenses:</b>							
Salaries		531,446	447,968	759,576	27,228	62,033	
Fringe benefits		125,743	104,589	180,601	4,547	8,522	
Travel		17,123	17,775	45,820	126	4,211	
Space costs		127,414		52,587	1,168		36,893
Telephone		33,215		10,476			
Operating and maintenance Insurance		42,307	11,371	24,611	3,914		65,730
Equipment expenses		8,977					21,357
Supplies		57,950	1,970,832	24,479	26,795	5,418	
Professional services and contract labor		29,300		5,174	3,000	13,197	
Food and related supplies				5,620	107,131		
Miscellaneous		1,424		47,292			
Vehicle expenses							
Volunteer expenses						335,933	
Client assistance payments	3,599,415	240,556					
Interest expense							6,584
Depreciation expense	1,491	38	2,173	52,768			50,003
<b>Total program expenses</b>	<u>3,600,906</u>	<u>1,215,493</u>	<u>2,554,708</u>	<u>1,215,576</u>	<u>173,909</u>	<u>429,314</u>	<u>180,567</u>
<b>Total expenses</b>	<u>3,884,754</u>	<u>1,432,069</u>	<u>2,709,594</u>	<u>1,324,763</u>	<u>173,909</u>	<u>453,434</u>	<u>260,136</u>
Changes in net assets	77,123	17,243	42,402	(52,768)			(88)
Net assets, beginning of year	(29,557)	101		573,694	748		874,970
Transfers	(3,439)		(18,500)				
<b>Net assets, end of year</b>	<u>\$ 44,127</u>	<u>\$ 17,344</u>	<u>\$ 23,902</u>	<u>\$ 520,926</u>	<u>\$ 748</u>	<u>\$</u>	<u>\$ 874,882</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)  
(Continued)

	VA Grant & Per Diem	Americorps	Youth Build	Out of School Youth	General Services	Total	
						2018	2017
<b>Revenues and Other Support:</b>							
Contractual revenue-grant	\$ 469,415	\$ 46,516	\$ 590,481	\$ 29,562	\$ 81,917	\$ 11,251,410	\$ 10,457,948
Rents	29,726					37,106	47,903
Rental assistance subsidy						237,899	244,063
Fees earned						6,256	5,544
Miscellaneous revenues	8,791		665		88,906	135,879	136,984
<b>Total revenues and other support</b>	<b>507,932</b>	<b>46,516</b>	<b>591,146</b>	<b>29,562</b>	<b>170,823</b>	<b>11,668,550</b>	<b>10,892,442</b>
<b>Administrative expenses:</b>							
Salaries			49,958			619,113	559,950
Fringe benefits			8,043		4,015	121,309	105,211
Travel			591		2,230	7,086	10,757
Space costs					600	49,104	75,077
Telephone					2,299	7,876	17,733
Administrative						79,569	71,333
Insurance					430	2,214	2,527
Equipment expenses						4,988	105
Supplies			313		3,817	35,517	14,214
Professional services and contract labor						13,695	22,737
Food and related supplies					8,556	8,556	7,651
Miscellaneous					24,281	24,292	20,564
Vehicle expenses					12,631	12,631	9,599
Interest expense					8,918	8,918	13,810
Depreciation expense					11,839	11,839	11,444
<b>Total administrative expenses</b>			<b>58,905</b>		<b>79,616</b>	<b>1,006,707</b>	<b>942,712</b>
<b>Program expenses:</b>							
Salaries	220,649	25,507	246,498	25,743		2,346,648	2,375,112
Fringe benefits	37,822	6,013	53,115	3,819		524,771	465,271
Travel	13,030	1,816	3,915			103,816	105,529
Space costs	15,754		2,602			236,418	224,147
Telephone	15,323		16,271			75,285	65,771
Operating and maintenance	43,885					120,101	97,520
Insurance	12,713		11,929			124,288	142,555
Equipment expenses	1,478					10,455	16,011
Supplies	3,148	5,774	27,170			2,121,566	2,050,443
Professional services and contract labor			156,780			207,451	45,165
Food and related supplies	63,482					176,233	178,030
Miscellaneous		7,406	1,089			57,211	58,583
Vehicle expenses	1,073		5,452			6,525	6,197
Volunteer expenses						335,933	320,794
Client assistance payments					44,308	3,884,279	3,543,880
Interest expense	30,521					37,105	39,926
Depreciation expense	54,705				27,882	189,060	187,353
<b>Total program expenses</b>	<b>513,583</b>	<b>46,516</b>	<b>524,821</b>	<b>29,562</b>	<b>72,190</b>	<b>10,557,145</b>	<b>9,922,287</b>
<b>Total expenses</b>	<b>513,583</b>	<b>46,516</b>	<b>583,726</b>	<b>29,562</b>	<b>151,806</b>	<b>11,563,852</b>	<b>10,864,999</b>
Changes in net assets	(5,651)		7,420		19,017	104,698	27,443
Net assets, beginning of year	489,098				640,351	2,549,405	2,521,962
Transfers			(10,424)		32,363		
<b>Net assets, end of year</b>	<b>\$ 483,447</b>	<b>\$</b>	<b>\$ (3,004)</b>	<b>\$</b>	<b>\$ 691,731</b>	<b>\$ 2,654,103</b>	<b>\$ 2,549,405</b>

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2018

Agency Head: Wallace Sibley, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 158,924
Benefits - insurance	358
Benefits - retirement	7,946
Per diem	403
Reimbursements	506
Registration fees	975
Conference travel	3,749

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Head Start (Fy 11-30-18)	93.600	06CH010276-03-00		\$ 1,171,904
Head Start (Fy 11-30-19)	93.600	06CH010276-04-00		98,999
477 Cluster				
Passed through Louisiana Workforce Commission Community Services Block Grant	93.569	2018N0026, 2019N0026		1,449,312
Total 477 Cluster				<u>1,449,312</u>
Passed through Louisiana Housing Corporation				
Home Energy Assistance Program	93.568	Unknown		3,886,702
Weatherization Assistance Program (Fy 6-30-18)	93.568	Unknown		1,177,619
Weatherization Assistance Program (Fy 6-30-19)	93.568	Unknown		1,018,594
Total U.S. Department of Health and Human Services				<u>8,803,130</u>
<u>U.S. Department of Energy</u>				
Passed through Louisiana Housing Corporation				
Weatherization Assistance Program (Fy 6-30-18)	81.042	Unknown		281,167
Weatherization Assistance Program (Fy 6-30-19)	81.042	Unknown		248,541
Total U.S. Department of Energy				<u>529,708</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>The Corporation For National Service</u>				
Foster Grandparent / Senior Companion Cluster				
Direct Programs:				
Foster Grandparent Program (Fy 6-30-18)	94.011	14GXWLA001		264,188
Foster Grandparent Program (Fy 6-30-19)	94.011	14GXWLA001		187,409
Total Foster Grandparent / Senior Companion Cluster				<u>451,597</u>
Passed through YouthBuild USA				
Americorps	94.006	Unknown		<u>46,582</u>
Total Corporation For National Service				<u>498,179</u>
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Farm Labor Housing Loan	10.405	Unknown	\$	641,314
Rural Rental Assistance Payment	10.427	Unknown		237,899
Passed through Louisiana Department of Education				
Child Care Food Program (Head Start)	10.558	Unknown		<u>173,909</u>
Total U.S. Department of Agriculture				<u>1,053,122</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Labor</u>				
Direct Programs:				
YouthBuild	17.274	YB-31075-17-60-A-22, YB-27815-15-60-A-22		<u>590,481</u>
Highway Planning and Construction Cluster				
Passed through Tangipahoa Parish Government				
Out of School Youth (OSY)	17.259	1-2018-19		<u>29,562</u>
Total Highway Planning and Construction Cluster				<u>29,562</u>
Total U.S. Department of Labor				<u>620,043</u>
<u>U.S. Department of Veterans Affairs</u>				
Direct Program:				
VA Homeless Providers Grant	64.024	QACA570-0163-629-SI-18-O		<u>461,789</u>
Total U.S. Department of Veterans Affairs				<u>461,789</u>
Total federal expenditures			<u>\$</u>	<u>\$ 11,965,971</u>

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of QUAD Area Community Action Agency, Inc. under programs of the federal government for the year ended December 31, 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 QUAD Area Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of QUAD Area Community Action Agency, 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) QUAD Area Community Action Agency, Inc. does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Loan balance outstanding at December 31, 2018, for the Farm Labor Housing Loan, CFDA #10.405, totaled \$641,314.

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Quad Area Community Action Agency, Inc.  
Hammond, 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 Quad Area Community Action Agency, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2019. Our report includes a reference to other auditors who audited the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., as described in our report on Quad Area Community Action Agency, Inc.'s financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

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

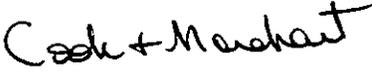
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quad Area Community Action Agency, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 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  
June 25, 2019

# 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 Auditor's Report

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana

#### **Report on Compliance for Each Major Federal Program**

We have audited Quad Area Community Action Agency, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quad Area Community Action Agency's major federal programs for the year ended December 31, 2018. Quad Area Community Action Agency, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, Quad Area Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

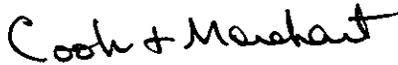
## Report on Internal Control Over Compliance

Management of Quad Area Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Quad Area Community Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Quad Area Community Action Agency, Inc.'s internal control over compliance.

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

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

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



Cook & Morehart  
Certified Public Accountants  
June 25, 2019

Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2018

There were no findings for the prior year audit for the year ended December 31, 2017.

Schedule of Findings and Questioned Costs  
December 31, 2018

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : \_\_\_\_\_ yes  v  no  
Significant deficiencies identified : \_\_\_\_\_ yes  v  none reported

Noncompliance material to financial  
statements noted :

\_\_\_\_\_ yes  v  no

Federal Awards

Internal control over major programs :

Material weaknesses identified : \_\_\_\_\_ yes  v  no  
Significant deficiencies identified : \_\_\_\_\_ yes  v  none reported

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

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

\_\_\_\_\_ yes  v  no

Identification of major federal programs :

Head Start Program CFDA #93.600  
Community Service Block Grant CFDA #93.569  
VA Homeless Providers Grant CFDA #64.024

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

Auditee qualified as low risk :  v  yes \_\_\_\_\_ no

**B. Findings – Financial Statements Audit – None.**

**C. Findings and Questioned Costs – Major Federal Programs Audit – None.**

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2018

There were no findings or questioned costs for the prior year audit period ended December 31, 2017.

Corrective Action Plan for Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2018

There are no findings or questioned costs for the current year audit period ended December 31, 2018.

# COOK & MOREHART

*Certified Public Accountants*

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors  
Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Quad Area Community Action Agency, Inc. (Quad) 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 January 1, 2018 through December 31, 2018. Quad Area Community Action Agency, Inc.'s (Quad) 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 January 1, 2018 through December 31, 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 Quad met with a quorum on a frequency in accordance with the board's enabling legislation.
  - 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.*

Minutes referenced a review of financial statements.

- 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.

Quad 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:

- 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 selected did not have items that have been outstanding for more than 12 months. Except as noted below:

*Exception:* There was no indication that management had researched items that had been outstanding for more than 12 months from the statement closing date on one of the five bank accounts tested, for a total of 10 checks totaling \$1,033.15.

*Management's Response:* Management will review old outstanding items and follow up as deemed necessary.

### **Collections**

Testing not required for this area for fiscal year January 1, 2018 through December 31, 2018 due to no exceptions being noted in prior year.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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.

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

*Exception:* The employee that processes payments also receives signed checks back for mailing.

*Management's Response:* All vendor payments are approved by management prior to payments being made.

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:* The employee that processes payments also receives signed checks back for mailing.

*Management's Response:* All vendor payments are approved by management prior to payments being made.

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

Testing not required for this area for fiscal year January 1, 2018 through December 31, 2018 due to no exceptions being noted in prior year.

**Travel and Expense Reimbursement**

Testing not required for this area for fiscal year January 1, 2018 through December 31, 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. *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:

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**

Testing not required for this area for fiscal year January 1, 2018 through December 31, 2018 due to no exceptions being noted in prior year.

**Ethics (excluding nonprofits)**

Not applicable to nonprofit organizations.

**Debt Service (excluding nonprofits)**

Not applicable to nonprofit organizations

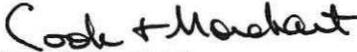
**Other**

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018,

due to no exceptions being noted in prior year.

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  
June 25, 2019