

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT

and

INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL
AND COMPLIANCE AND OTHER MATTERS

For the Year Ended March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Mary Community Action Committee
Association, Inc.
Franklin, Louisiana

We have audited the accompanying financial statements of St. Mary Community Action Committee Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary Community Action Committee Association, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standard

In the current year as described in Note 1 to the financial statements, the St. Mary Community Action Committee Association, Inc. implemented FASB ASU 2016-14, Not For Profit Entities. Our opinion is not modified with respect for this matter.

Other Matters

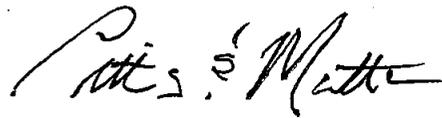
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures, benefits and reimbursement to agency head, political subdivision head or chief executive officer and the statements of activity by program are presented for additional analysis and are not a required part of the basic financial statements of the St. Mary Community Action Committee Association, Inc. The accompanying schedule of expenditures of federal awards and related notes 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, are presented for purposes of additional analysis and are also not a required part of the basic 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 September 24, 2019, on our consideration of St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 St. Mary Community Action Committee Association, Inc.'s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2019
Morgan City, Louisiana

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2019

ASSETS

Current assets	
Cash	\$ 216,311
Grants receivable	332,556
Other receivables	<u>12,460</u>
Total current assets	561,327
Noncurrent assets	
Fixed assets - less accumulated depreciation	<u>6,136,801</u>
Total noncurrent assets	<u>6,136,801</u>
Total assets	<u>\$ 6,698,128</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 456,957
Notes payable	<u>52,368</u>
Total current liabilities	<u>509,325</u>
Net assets	
Without donor restrictions	157,366
With donor restrictions:	
Fixed assets with explicit restrictions on use	5,637,516
Head Start Programs	55,900
Housing and utility assistance programs	247,578
Transportation programs	28,641
Family and childrens programs	4,845
Management and general	<u>56,957</u>
	<u>6,031,437</u>
Total net assets	<u>6,188,803</u>
Total liabilities and net assets	<u>\$ 6,698,128</u>

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

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

Support		
Grants		
Federal	\$	958,273
State		88,140
Local		204,505
Other		
Contributions		272,782
Rental revenue		17,387
Net assets released from restrictions:		
Satisfaction of program restrictions		6,523,768
Reduction of fixed assets with restrictions on use		<u>283,495</u>
Total support without donor restrictions		<u>8,348,350</u>
Expenses		
Head Start programs		5,858,339
Housing and utility assistance programs		1,429,381
Transportation programs		434,857
Family and childrens programs		125,649
Management and general		<u>322,690</u>
Total expenses without donor restrictions		<u>8,170,916</u>
Increase in net assets without donor restrictions		<u>177,434</u>
Changes in net assets with donor restrictions:		
Support		
Grants		
Federal		6,630,381
Net assets released from restrictions:		
Satisfaction of program restrictions		(6,523,768)
Reduction of fixed assets with donor restrictions		<u>(283,495)</u>
Decrease in net assets with donor restrictions		<u>(176,882)</u>
Increase in net assets		552
Net assets at March 31, 2018		<u>6,188,251</u>
Net assets at March 31, 2019	\$	<u>6,188,803</u>

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

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

Statement of Functional Expenses

For the year ended March 31, 2019

<u>Expenses:</u>	<u>Head Start Program</u>	<u>Housing and Utility Assistance Program</u>	<u>Transportation Program</u>	<u>Family and Children Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 3,796,898	\$ 313,575	\$ 300,128	\$ 47,510	\$ 205,197	\$4,663,308
Utilization of Contributed Supplies	20,957					20,957
Utilization of Contributed Professional Services	214,825					214,825
Professional Services	104,476	61,266	8,503	7,194	10,245	191,684
Contractual						-
Maintenance- Facilities	52,795		3,482		93	56,370
Rent	9,000	(5,400)			200	3,800
Services	237,680	25,800	29,189	1,791	22,347	316,807
Supplies	184,089	38,032	3,377	6,554	11,629	243,681
Travel and Transportation	116,361	52,448	62,611	11,301	9,927	252,648
Insurance	240,659	42,861	12,193	11,557	13,200	320,470
Benefits Provided to Community						-
Emergency Assistance		927			2,014	2,941
Food	272,646	1,431		38,364	2,998	315,439
Utility Payments		64,454				64,454
Weatherization		782,931				782,931
Housing Assistance					1,223	1,223
Other	94,233	12,625	6,249	1,378	60	114,545
Depreciation	272,830	11,280	712		34,379	319,201
Utilities, Telephone, and Internet	240,890	27,151	8,413		9,178	285,632
Total Unrestricted Expenses	\$ 5,858,339	\$ 1,429,381	\$ 434,857	\$ 125,649	\$ 322,690	\$8,170,916

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2019

Cash flows from operating activities:	
Received from grantors	\$ 7,996,698
Other revenues	253,169
Paid to employees	(4,663,308)
Paid to vendors	<u>(3,261,309)</u>
Net cash provided by operating activities	<u>325,250</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>(192,041)</u>
Net cash provided (used) by investing activities	<u>(192,041)</u>
Cash flows from financing activities	
Increase in notes payable	<u>27,499</u>
Net cash provided by financing activities	<u>27,499</u>
Net increase in cash and cash equivalents	160,708
Cash and cash equivalents at beginning of year	<u>55,603</u>
Cash and cash equivalents at end of year	<u>\$ 216,311</u>

NOTE:

The Association received noncash contributions of food commodities and professional services and equipment totaling \$272,782 during the year.

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements follows:

The Association is a not-for-profit corporation designated as St. Mary Parish's official agency for the enactment and oversight of many social, education, and welfare programs for the citizens of St. Mary Parish, Louisiana; including the operation of the local Head Start program. In addition, the Association also operates the Head Start program and certain other programs for Vermillion Parish. The Association receives Federal, state, and local funding to operate its various programs.

The following is a summary of the programs with significant activity and their primary functions applicable to the Association during the year ended March 31, 2019:

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
General	Various	General operations.
Head Start #22	U.S. Dept. of Health and Human Services	To provide comprehensive health, educational, nutritional, social, and other services to economically disadvantaged preschool children and to provide parents with training and education to foster their understanding of and involvement in the development of their children.
Child and Adult Care Food Program	U.S. Dept. of Agriculture	To supply supplemental nutritious foods and nutrition education to low-income families.
Vermillion Transit	Vermillion Parish Police Jury, U.S. Dept. of Transportation and State of Louisiana Dept. of Transportation	To supplement transportation services.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Community Services Block Grant (CSBG)	U.S. Dept. of Health and Human Services	To provide administrative assistance to non-profit community service organizations.
Revolving Loan Program	U.S. Dept. Of Agriculture	To provide loans to small businesses located in rural areas.
Capital Reserve	Various	To provide unrestricted reserve operations funding in the event of agency wide budget cuts/shortfalls.
Parish Council	St. Mary Parish Council, U.S. Dept of Transportation, and State of Louisiana Dept. Of Transportation	To supplement transportation services.
LIHEAP Utility Payments	U.S. Dept. of Health and Human Services	To assist eligible households to meet home energy costs.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
Weatherization	U.S. Dept. of Energy	To weatherize dwellings of low-income individuals.
Summer Feeding	U.S. Dept. of Agriculture	To supply nutritious foods to children during summer months.
Housing Department	Earned fees and Louisiana Housing Corporation	To provide housing assistance, counseling, etc. regarding home ownership.
Early Childhood Pilot Program	Louisiana Dept. of Children & Family Services and U.S. Dept. of Health and Human Services	To provide unified Early Childhood System, which was directed by Act 3 of the 2012 Regular Legislative Session to develop a community network. The Early Childhood network will expand access to high quality, publicly funded early childhood programs to families to ensure more children enter school kindergarten ready.
Affordable Housing (Faith Place)	Federal Home Loan Bank of Dallas and Louisiana Housing Corporation	To provide affordable housing through development and construction.
Isaiah's House	Rent Revenue	To provide safe and affordable housing in the form of rental property to residents of St. Mary Parish.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The accrual basis of accounting is generally used by the Association.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and Revenues

A significant portion of the Association's support and revenue is in the form of grants and contributions from governmental agencies and other groups. Contributions are generally reported as support with donor restrictions, if they are received with donor stipulations. Significant grants are also accounted for as support with donor restrictions if the value received by the grant provider is only incidental to the public benefit provided by use of the grant funds. When the stipulations of the grantor or donor are met, then these assets are reclassified as unrestricted and reported in the statement of activity and changes in net assets as net assets released from restrictions. The Association receives some grants which would normally be accounted for as support with donor restrictions. However, when the Association meets grantor restrictions in the same year as the grant funds are received, these grants are reported as unrestricted.

Grant funds received from grant providers, who receive significant value in exchange for grant funds, are accounted for as exchange transactions and revenue is recognized as services are performed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Assets or expenses and their related liabilities are recorded when the related goods or services are received by the Association.

Utilization of Contributed Goods, Services or Facilities

In general contributed goods and facilities that meet the proper criteria are recorded as items of support or revenue with a like amount recorded as an expense or an asset upon receipt at fair market value.

In accordance with FASB Accounting Standards Codification, contributions of services shall be recognized only if the services received a) create or enhance nonfinancial assets or b) require specialized skills and the person providing the service possesses the specialized skill.

Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost or estimated cost. Contributed items are valued at their estimated fair market value at the date of the contribution. Fixed assets are depreciated over their estimated useful lives on the straight-line basis.

Fixed assets purchased with grantor funds may need to be used for a specific purpose or time period and returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion. The Association accounts for the acquisition of fixed assets in one of two ways depending upon grantor restriction as shown below:

1. If the grantor does not stipulate the use, timeframe, and disposition of the fixed assets then the Association records fixed assets as unrestricted support when the assets are placed in service.
2. If the grantor specifies a particular use but no timeframe it is the Association's policy to record the fixed assets as restricted support and increase net assets with donor restrictions. The Association then records depreciation over the asset's useful life and net assets are periodically reclassified from with donor restrictions to without donor restrictions as the asset is depreciated.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds received that are restricted to the construction of fixed assets are reported as restricted support that increase net assets with donor restrictions, those restrictions expire when the construction is complete and the fixed assets are placed into service, at which time they are accounted for as described in 1 or 2 above.

Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. An accrual is made for the amount of compensation the employees will receive in the future based upon services performed through March 31, 2019. The amount accrued at March 31, 2019 is approximately \$72,000.

Net assets

In accordance with the FASB Accounting Standards Codification, the Association must report net assets in each of the following two classes:

- a. net assets with donor restrictions - net assets in this category are restricted by grantor or donor imposed stipulations . Some donor restrictions are temporary in nature; these restrictions will either expire by passage of time or can be fulfilled and removed by actions of the organization.
- b. net assets without donor restrictions - net assets in this category are not restricted by grantor or donor imposed restrictions.

The Association has net assets with donor restrictions and net assets without donor restrictions.

The net assets with donor restrictions result from grants or donations received with restrictions that expire when those grantor or donor imposed stipulations have been met. Once the stipulation related to the restriction has been met these net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Association considers all cash in non-interest bearing checking accounts and cash on hand to be cash and cash equivalent accounts.

Income Tax Status

The Association operates as a not-for-profit organization. It is accorded tax exempt status under Section 501 (c) (3) of the Internal Revenue Code. Management believes the Association is no longer subject to income tax examination for years ended March 31, 2014 and prior.

Accounting Changes

In the year ended March 31, 2019 the Association adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities, which affects all nonprofit organizations. The update required changes in net assets classifications from unrestricted and temporarily restricted to without donor restrictions and with donor restrictions; it also required the addition of a Statement of Functional Expenses and disclosure of additional information regarding the liquidity of assets. The implementation did not require restatement of net assets.

NOTE 2 – RENTAL PROPERTY - SUBDIVISION DEVELOPMENT

In prior years the Association received grants through the Louisiana Housing Corporation (LHC) from HUD. The grants were used to purchase property and construct homes.

It was the intent of the Association and its funding grantors to make the sales price of the homes affordable to lower income buyers by recovering only a portion of the costs of the homes and the land. Therefore, the value of the completed homes still owned by the Association was reduced to the sales price in a prior year.

However the Association was unable to sale the four remaining homes that it owned and began renting them during 2017. Accordingly the homes are classified as fixed assets Rental Property at an amount of \$257,010 (land \$20,000 and Rental Property \$237,010) during 2019.

NOTE 3- LIQUIDITY AND AVAILABILITY

St. Mary Community Action Agency has \$561,327 of financial assets available within one year of the balance sheet date of which \$139,521 is without donor restrictions to meet cash needed for general expenditures and the remaining \$421,806 is with donor restrictions as described below:

<u>Program/ Restriction on Use</u>	<u>Cash</u>	<u>Grants Receivable</u>	<u>Other Receivable</u>	<u>Total</u>
Head Start Youth Program	\$44,071	\$49,446		\$93,517
Vermillion Transit Transportation Program	11,587	19,250		\$30,837
Revolving Loan Job Assistance Program	48,604		\$1,168	49,772
Parish Council Transportation Program	8,015	13,319		21,334
Liheap Emergency Assistance Program	84			84
Weatherization Housing Program	75,214	129,608		204,822
Housing Department Housing Program	5,591	9,417		15,008
Early Child Hood Pilot Youth Program	5,862			5,862
Faith Place Housing Program	570			570
Total	<u>\$199,598</u>	<u>\$221,040</u>	<u>\$1,168</u>	<u>\$421,806</u>

St. Mary Community Action Agency structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the Agency has committed lines of credit in the amount of \$175,000

NOTE 4 - FIXED ASSETS

The following is a summary of fixed assets by major category with their related estimated useful lives:

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Life</u>
Construction-in-process	\$ 48,000	
Land	75,000	
Land, rental property	20,000	
Buildings	7,698,998	35 years
Rental property	237,010	25 years
Building improvements	32,000	5 years
Vehicles	1,484,717	3 years
Furniture and fixtures	85,384	5 years
Machinery and equipment	1,539,435	5 years
Leasehold improvements	<u>96,471</u>	5 years
Total	11,317,015	
Less: accumulated depreciation	<u>5,180,214</u>	
	<u>\$ 6,136,801</u>	

Depreciation for the year ended March 31, 2019 totaled approximately \$319,000.

Certain grant requirements restrict the use of certain fixed assets. Substantially all buildings and vehicles acquired with grant funds would revert to the grantor if those fixed assets would cease to be used in that program.

NOTE 5 - NOTE PAYABLE

Note payable at March 31, 2019 is as follows:

Description

The Association maintains a line of credit bearing interest at a rate of 4% with a local bank in the amount of \$25,000. Outstanding indebtedness related to the line of credit at March 31, 2019

\$25,351

The Association maintains a line of credit bearing a variable interest rate with a local bank in the amount of \$150,000. Outstanding indebtedness related to the line of credit at March 31, 2019

27,017

Total Note Payable

\$52,368

NOTE 6- LEASES

At March 31, 2019, the Association had three significant operating leases in effect. The leases cover the buildings in various locations used to serve recipients of the Association's services. Total rent expense related to these operating leases for the year ended March 31, 2019 totaled approximately \$9,000.

The aggregate future minimum lease payments for the three leases is approximately:

Year ended March 31, 2020	<u>\$10,800</u>
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NOTE 7 - CONTRIBUTIONS

The following in-kind contributions were received and recognized, for financial reporting purposes, by the Association during the year ended March 31, 2019:

<u>Program</u>	<u>Contribution</u>	<u>Amount</u>
Head Start	Food Commodities	\$ 20,957
Head Start	Professional Services	214,825
Head Start	Equipment	<u>37,000</u>
Total recognized contributions received		<u>\$ 272,782</u>

In addition to the contributions recognized for financial statement purposes, the Association receives other donations primarily from parent volunteers in the Head Start Program. These contributed services and certain other items were not recognized for financial reporting purposes because they do not meet the criteria set forth in FASB Accounting Standards Codification, however, these contributions do meet the matching requirements set forth in the Head Start grant. The sum of recognized and unrecognized "in-kind" contributions and other matching contributions qualifying for the Head Start Program total approximately \$1,310,000.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Association provides a 401(k) savings plan for its eligible employees. All employees with one year of service and an attained age of 20 ½ may participate. Participating employees may elect to contribute up to ten percent of their earnings. The Association may contribute an amount equal to the participants' contribution up to an amount equal to five percent of the participants' earnings. The Association contributed approximately \$68,000 to the plan for the year ended March 31, 2019.

NOTE 9 - RELATED ENTITIES

The Association is a participant in a Limited Partnership as a General Partner sharing .5% in profits and losses and .5% in ownership capital. Because of the Association's small amount of ownership and because of certain provisions of the partnership agreement that restrict the Association's activities, the Association does not account for their investment in the partnership under the equity method. Rather, the Association records its share of income or loss when reported by the partnership. The partnership was formed for the purpose of constructing and maintaining a 30 unit low to moderate income townhouse community, "Sparrow Gardens Townhouses", located in Centerville, Louisiana. The total cost of the project was approximately \$1,376,000. This project was completed in 1996.

The Association acting in the capacity of a Community Housing Development Organization (CHDO) is the administrative manager of the complex. The accounting and financial management of the complex is handled by another partner.

The Partnership's year end is December 31, 2018. Total net assets (deficit) of the partnership total is (\$1,030,423) at December 31, 2018. The partnership incurred a net loss of \$102,000 for 2018. The amount of this loss attributable to the Agency is \$510.

NOTE 10 - CONCENTRATIONS

Ninety-three percent of the Association's funding is obtained from federal grants. The largest federal grant administered by the Association is the Head Start program which accounts for sixty-three percent of the Association's total funding for the year ended March 31, 2019.

NOTE 11 - SUBSEQUENT EVENTS

The Association's management evaluated whether any events and transactions occurred subsequent to March 31, 2019 through September 24, 2019, the date the Association's financial statements are available to be issued, and determined that there were no material events or transactions that would require recognition in the Association's financial statements.

SUPPLEMENTARY INFORMATION

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC
Schedule of Compensation, Benefits, and Reimbursements to
Agency Head, Political Subdivision Head, or Chief Executive Officer
For the Year Ended March 31, 2019

Chief Executive Officer : Almetra J Franklin

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 96,582
Benefits-401(K)	4,811
Benefits-Insurance	1,156
Cell phone allowance	2,000
Automobile allowance	11,400
Reimbursement-Travel/Hotels	<u>3,797</u>
Total	<u>\$ 119,746</u>

These amounts represent all compensation, benefits, and reimbursements for the year.

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2018

	010 General Fund	015 Head Start #22	020 CACFP	022 Vermilion Transit	030 CSBG	035 Revolving Loan Fund	038 Capital Reserve	040 Parish Council
Support								
Grants								
Federal	\$ 10,408		\$ 499,797	\$ 89,598				\$ 120,441
State	\$ 1,405			17,581				54,930
Local	32,618			101,245				47,291
Other support								
Utilization of contributed professional services		\$ 214,825						
Utilization of contributed supplies		20,957						
Contributed equipment		37,000						
Rental revenue								
Other								
Net assets released from restrictions:								
Satisfaction of program restrictions		5,052,170			\$ 211,496			
Reduction of fixed assets with restrictions on use	21,845	261,650						
Total support without donor restrictions (deficiency)	66,276	5,586,602	499,797	208,424	211,496	-	-	222,662
Expenses								
Salaries and benefits	19,352	3,639,027	157,871	109,012	183,620		2,225	191,116
Utilization of contributed supplies		20,957						
Utilization of contributed professional services		214,825						
Professional services	(632)	89,574	14,902	3,025	2,392	1,485	7,000	5,478
Contractual								
Maintenance - facilities	93	52,012	783	2,918				564
Rent	200	9,000						
Services	21,282	212,191	25,489	22,123	200		865	7,066
Supplies	10,450	176,316	7,773	478	481		698	2,899
Travel and transportation	5,187	115,161	1,200	36,974	3,545		1,195	25,637
Insurance	5,919	230,682	9,977	4,693	7,281			7,500
Benefits provided to community:								
Emergency assistance	1,252				762			
Food	2,998	43,714	228,932					
Utility payments								
Weatherization								
Housing assistance					1,223			
Other	(3,437)	86,987	7,246	2,644	1,415		2,082	3,605
Depreciation	21,845	272,830		712			12,534	
Utilities, Telephone, Internet	3,703	215,811	25,079	5,143	5,475			3,270
Total expenses	88,212	5,379,087	479,252	187,722	206,394	1,485	26,599	247,135

Changes in net assets without donor restrictions	(21,936)	207,515	20,545	20,702	5,102	(1,485)	(26,599)	(24,473)
Other changes in net assets without donor restrictions:								
Transfer in	17,441			400				27,307
Transfer out	(635)		(2,150)				(39,548)	(400)
Increase (decrease) in net assets without donor re:	(5,130)	207,515	18,395	21,102	5,102	(1,485)	(66,147)	2,434
Changes in net assets with donor restrictions								
Support								
Grants								
Federal		5,074,197			211,496			
Net assets released from restrictions:								
Satisfaction of program restrictions		(5,052,170)			(211,496)			
Reduction of fixed assets with donor restrictions	(21,845)	(261,650)						
Increase (decrease) in net assets with donor restrictions	(21,845)	(239,623)	-	-	-	-	-	-
Increase (decrease) in net assets	(26,975)	(32,108)	18,395	21,102	5,102	(1,485)	(66,147)	2,434
Net assets at March 31, 2018	553,638	5,188,774	84,964	7,539	(2,383)	58,442	92,311	(94,652)
Residual equity (deficit) transfer	-	-	-	-	-	-	-	-
Net assets at March 31, 2019	\$ 526,663	\$ 5,156,666	\$ 103,359	\$ 28,641	\$ 2,719	\$ 56,957	\$ 26,164	\$ (92,218)

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
STATEMENT OF ACTIVITY BY PROGRAM
FOR THE YEAR ENDED MARCH 31, 2018

	060	070	120	655	690	725	735	Total
	<u>LIHEAP</u>	<u>Weatherization</u>	<u>Summer Feeding</u>	<u>Housing Department</u>	<u>Early Childhood Pilot Program</u>	<u>Faith Place</u>	<u>Isaiah's House</u>	<u>All Programs</u>
Support								
Grants								
Federal			\$ 102,882	\$ 117,436	\$ 17,711			\$ 958,273
State					14,224			88,140
Local				18,450			\$ 4,901	204,505
Other support								-
Utilization of contributed professional services								214,825
Utilization of contributed supplies								20,957
Contributed equipment								37,000
Rental revenue						\$ 500	\$ 16,887	17,387
Other								-
Net assets released from restrictions:								
Satisfaction of program restrictions	167,655	\$ 1,092,447						6,523,768
Reduction of fixed assets with restrictions on use								283,495
Total support without donor restrictions (deficiency)	<u>167,655</u>	<u>1,092,447</u>	<u>102,882</u>	<u>135,886</u>	<u>31,935</u>	<u>500</u>	<u>21,788</u>	<u>8,348,350</u>
Expenses								
Salaries and benefits	60,651	203,613	30,076	49,311	17,434			4,663,308
Utilization of contributed supplies								20,957
Utilization of contributed professional services								214,825
Professional services	9,378	4,386	4,982	15,790	2,212	1,024	30,688	191,684
Contractual								
Maintenance - facilities								56,370
Rent						(5,900)		3,800
Services	2,497	5,297	1,491	14,129	300	627	3,250	316,807
Supplies	8,631	21,857	4,438	6,790	2,116	377	377	243,681
Travel and transportation	1,978	45,711	7,526	2,825	3,775	886	1,048	252,648
Insurance	10,824	16,951	8,893	11,296	2,664	1,270	2,520	320,470
Benefits provided to community:								
Emergency assistance	927							2,941
Food	607		38,364	709		115		315,439
Utility payments	63,912			451		57	34	64,454
Weatherization		782,931						782,931
Housing assistance								1,223
Other	1,234	4,629	488	6,089	890	64	609	114,545
Depreciation				6,480		4,800		319,201
Utilities, Telephone, Internet	3,824	7,072		11,734		773	3,748	285,632
Total expenses	<u>164,463</u>	<u>1,092,447</u>	<u>96,258</u>	<u>126,104</u>	<u>29,391</u>	<u>4,093</u>	<u>42,274</u>	<u>8,170,916</u>

Changes in net assets without donor restrictions	3,192	(0)	6,624	9,782	2,544	(3,593)	(20,486)	177,434
Other changes in net assets without donor restrictions								
Transfer in	635		150	7,382				53,315
Transfer out	(1,900)		(2,000)	(4,582)		(500)	(1,600)	(53,315)
Increase (decrease) in net assets without donor re:	1,927	(0)	4,774	12,582	2,544	(4,093)	(22,086)	177,434
Changes in net assets with donor restrictions								
Support								
Grants								
Federal	114,523	1,230,165						6,630,381
Net assets released from restrictions:								
Satisfaction of program restrictions	(167,655)	(1,092,447)						(6,523,768)
Reduction of fixed assets with donor restrictions								(283,495)
Increase (decrease) in net assets with donor restrictions	(53,132)	137,718	-	-	-	-	-	(176,882)
Increase (decrease) in net assets	(51,205)	137,718	4,774	12,582	2,544	(4,093)	(22,086)	552
Net assets at March 31, 2018	18,314	9,195	1,233	141,584	2,301	127,543	(552)	6,188,251
Residual equity (deficit) transfer	-	-	-	-	-	-	-	-
Net assets at March 31, 2019	\$ (32,891)	\$ 146,913	\$ 6,007	\$ 154,166	\$ 4,845	\$ 123,450	\$ (22,638)	\$ 6,188,803

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH IDENTIFYING NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>U.S. Department of Agriculture</u>				
Passed through Louisiana Department of Education				
Child and Adult Care Food Program	10.558		\$ 499,797	\$ 479,252
Summer Food Service Program for Children	10.559		102,882	96,258
Total U.S. Department of Agriculture			\$ 602,679	\$ 575,510
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Louisiana Housing Corporation (LHC)				
Home Investment Partnerships Program	14.239		117,436	116,661
Total U.S. Department of Housing and Urban Development			\$ 117,436	\$ 116,661
<u>U.S. Department of Transportation</u>				
Passed through Louisiana Department of Transportation and Development				
Passed through the Vermillion Parish Policy Jury				
Formula Grants for Rural Areas	20.509	RU 18-57-18 RU18-57-19	\$ 89,598	\$ 93,861
Passed through the City of Franklin				
Formula Grants for Rural Areas	20.509	RU 18-51-18 RU18-51-19	\$ 120,411	\$ 123,567
Total for Formula Grants for Rural Areas	20.509		\$ 210,009	\$ 217,428
Total U.S. Department of Transportation			\$ 210,009	\$ 217,428
<u>U.S. Department of Energy</u>				
Passed through Louisiana Housing Corporation (LHC),				
Weatherization Assistance for Low-income Persons	81.042		\$ 1,230,165	\$ 1,092,447
Total U.S. Department of Energy			\$ 1,230,165	\$ 1,092,447

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH IDENTIFYING NUMBER	REVENUE RECOGNIZED	EXPENSES INCURRED
<u>U.S. Department of Health and Human Services</u>				
Passed through LHC				
<i>Low income Home Energy Assistance</i>	93.568		\$ 114,523	\$ 164,463
Passed through Louisiana Department of Labor				
Community Services Block Grant	93.569	200370827	211,496	206,394
Passed through Louisiana Department of Education's Department of Children & Family Services				
Child Care and Development Block Grant	93.575	28-17-CO	17,711	17,711
Administration for Children and Families Head Start	93.600		<u>5,074,197</u>	<u>5,052,170</u>
Total U.S. Department of Health and Human Services			<u>\$ 5,417,927</u>	<u>\$ 5,440,738</u>
Total Federal Financial Assistance			<u>\$ 7,578,216</u>	<u>\$ 7,442,784</u>

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of St. Mary Community Action Committee Association, Inc. (Association) under programs of the federal government for the year ended March 31, 2019. 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 operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

NOTE 2 - REPORTING METHOD

Except for Head Start and Weatherization, all revenues and expenses on this schedule are reported on the basis of generally accepted accounting principles. 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. The Association did not use the 10% de minimis cost rate for year ending March 31, 2019.

NOTE 3 - HEAD START

Reconciliation of expenses incurred on the financial statements to expenses incurred on the Schedule for the Head Start Program is as follows:

Total unrestricted expenses per Statement of Activity by Program	\$5,379,087
Less: Depreciation expense	
Total depreciation (\$272,830) less depreciation	
On assets acquired with nonfederal funds (\$11,180)	(261,650)
Utilization of in-kind contributions	(235,782)
Add: Purchase of fixed assets with grant funds	<u>170,515</u>
Total expenses incurred per Schedule of Expenditures of Federal Awards	<u>\$5,052,170</u>

NOTE 4 – FORMULA GRANTS FOR RURAL AREAS

Formula Grants for Rural Areas are jointly funded with Federal and Local funding. The following table shows all Federal funding and the total program expenses and the Federal proportionate share of the expenses.

Federal revenues and all expenses for Formula Grants for Rural Areas as reported in Schedule are reported in the following funds in the financial statements:

<u>Fund</u>	<u>Contract ID #</u>	<u>Federal Revenues</u>	<u>Total Expenses</u>	<u>Federal Share of Expense(50%)</u>
Vermillion Transportation	RU18-57 18&19	<u>\$89,598</u>	<u>\$187,722</u>	<u>\$93,861</u>
Parish Council	RU18-51 18&19	<u>\$120,411</u>	<u>\$247,135</u>	<u>\$123,567</u>

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE
AND OTHER MATTERS



INDEPENDENT AUDITORS' 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

Board of Directors
St. Mary Community Action Committee Association, Inc.
Franklin, Louisiana

We have audited, 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, the financial statements of the St. Mary Community Action Committee Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

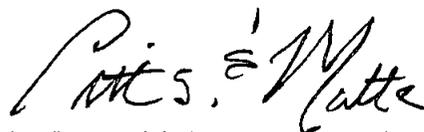
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not 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 the St. Mary Community Action Committee Association, 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 Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2019
Morgan City, Louisiana



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

Board of Directors
St. Mary Community Action Committee Association, Inc.
Franklin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited St. Mary Community Action Committee Association, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the St. Mary Community Action Committee Association, Inc.'s major federal programs for the year ended March 31, 2019. The St. Mary Community Action Committee Association, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of St. Mary Community Action Committee Association, 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 St. Mary Community Action Committee Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, St. Mary Community Action Committee Association, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended March 31, 2019.

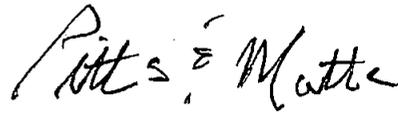
Report on Internal Control Over Compliance

Management of St. Mary Community Action Committee Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Mary Community Action Committee Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Mary Community Action Committee Association, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to described 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. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.

Handwritten signature in cursive script that reads "Pitts & Matte".

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2019
Morgan City, Louisiana

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC. ...
SCHEDULE OF FINDINGS, AND QUESTIONED COSTS
For the Year Ended March 31, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Mary Community Action Committee Association, Inc., which are prepared in accordance with GAAP.
2. No control deficiency was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the St. Mary Community Action Committee Association, Inc. were disclosed during the audit.
4. No findings were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the St. Mary Community Action Committee Association, Inc. expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to major federal award programs for the St. Mary Community Action Committee Association, Inc., are reported in Part C of this Schedule.
7. The programs tested as major programs are:
 - Head Start (CFDA No. 93.600)
 - Child and Adult Care Food Program – CACFP (CFDA No. 10.558)
8. The threshold for distinguishing types A and B programs was \$750,000.
9. St. Mary Community Action Committee Association, Inc. was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NO MATTERS TO BE REPORTED

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

NO MATTERS TO BE REPORTED

D. SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

NO MATTERS TO BE REPORTED

ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.

SCHEDULE OF PROCEDURES PERFORMED AND
ASSOCIATED FINDINGS BASED UPON THE
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

March 31, 2019

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
St. Mary Community Action
Committee Association, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by St. Mary Community Action Committee Association, Inc. (Association) 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 April 1, 2018 through March 31, 2019. The Association's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. 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 in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

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*. 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 may be distributed by the LLA as a public document.

Pitts & Matte

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
September 23, 2019

**ST. MARY COMMUNITY ACTION COMMITTEE ASSOCIATION, INC.
 Schedule of Procedures Performed and Associated Findings Based upon the
 Statewide Agreed-Upon Procedures
 For the Year Ended March 31, 2019**

Guide to Presentation Format

This report contains these items presented in this order:

- Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),
- Procedures performed by the Independent Certified Public Accountant,
- Findings based upon the procedures performed, and
- Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as Procedure Performed: (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as Findings: (in bold type) followed by findings in regular type
Management's response to findings	Denoted as Management's Response: (in bold type) followed by <i>managements response in italics</i>

The Agency is not subject to all possible Louisiana Legislative Auditor – State Wide Agreed-Upon Procedures. The numbers of the procedures in this report coincide with the numbers assigned to the specific procedures on the Louisiana Legislative Auditor's website. Therefore, because of certain excluded procedures, the procedure numbers used in this report are not in consecutive order.

WRITTEN POLICIES AND PROCEDURES

1. 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):

Budgeting

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for Budgeting.

Findings: Found that Association has written policies and procedures include preparing, adopting, monitoring, and amending the budget.

Purchasing

- 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.

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for Purchasing.

Findings: Found that written policies and procedures include how purchases are initiated, how vendors are added to the vendor list, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with public bid law, and documentation required to be maintained for all bids and price quotes.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Disbursements

c) Disbursements, including processing, reviewing, and approving

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for Disbursements.

Findings: Found that written policies and procedures for disbursements include specific items for processing, reviewing, and approving disbursements.

Receipts/Collections

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).

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for receipts.

Findings: Found that the written policies and procedures include specific items for receiving, recording, and preparing deposits as well as management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

Payroll/Personnel

e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for payroll/personnel.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Findings: Found that written policies and procedures include payroll processing, reviewing and approving time and attendance records, including leave and overtime worked.

Contracting

- 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

Procedure Performed: Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for contracting.

Findings: Found that written policies and procedures include types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

Credit Cards

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for credit cards.

Findings: Found that written policies and procedures include how cards are controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring of card usage.

Travel and expense reimbursement

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Procedure Performed: Obtained from management and inspected the Association's written policies and procedures for travel and expense reimbursement.

Findings: Found that the written policies and procedures include allowable expenses, documentation requirements, and required approvers.

The Association does not have written policies and procedures regarding dollar thresholds by category of expense.

Ethics

- 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.

The Association is a non-profit entity to which the Louisiana Code of Ethics is not applicable; therefore, procedures related to Ethics are not applicable.

Debt Service

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Association is a non-profit entity to which this section is not applicable.

Management's response:

The Association has policies and procedures in all the areas above, except for Ethics and Debt Service because they are not applicable to the Association as a not for profit.

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);
 - 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
 - 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.

Procedure Performed: Obtained the listing of bank accounts for the fiscal period from management and management's representation that the list is complete. Inquired of management and obtained written confirmation that the Association does not have a main operating account. One account is responsible for approximately 67% of the Association's stated revenue. We chose this account and randomly selected four additional accounts and a random month for the fiscal period. We obtained and inspected the bank statements and reconciliations for the five selected accounts for the randomly-selected selected month of May 2018.

Findings:

- a) Found that bank reconciliations were prepared for all five selected bank accounts for the month of May 2018, and all were prepared within 2 months of the related statement closing date.

BANK RECONCILIATIONS (CONTINUED)

- b) Found that the selected bank reconciliations include evidence that a member of management / board member who does not handle cash, post ledger, or issue checks has reviewed them.
- c) Found that there were 5 outstanding checks in the Headstart account and 3 outstanding checks in the Payroll account for more than twelve months at the bank statement closing date. Obtained documentation from management reflecting that they researched all the outstanding checks.

Management's Response:

No comment.

COLLECTIONS

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure Performed: Obtained the listing of deposit sites and management's written representation that the listing is complete.

Findings: Found that the Association has only one deposit site.

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:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure Performed: Obtained the listing of collection locations relating to the one deposit site and management's written representation that the listing is complete. We randomly selected one collection location. For that collection location, we obtained and inspected written employee job duties as specified by written policies and procedures for the selected location.

COLLECTIONS (CONTINUED)

Findings:

Found there are four (4) collection locations.

- a) Found that employees responsible for cash collections at the randomly selected cash collection location do not share cash drawers/registers.
 - b) Found that employees responsible for collecting cash are neither responsible for preparing bank deposits, making bank deposits, nor reconciling collection documentation to the deposit.
 - c) Found that employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledgers, neither are they responsible reconciling ledger posting to each other or to the deposit.
 - d) Found that employees responsible for collecting cash are not responsible for reconciling cash collections to the general ledger or subsidiary ledgers
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure Performed: Inquired of management and obtained management's representation that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: Found that the Association covers its employees who have access to cash by insurance policy for theft.

COLLECTIONS (CONTINUED)

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Procedure Performed: Randomly selected two deposit dates for the five bank accounts selected for procedure #3. If there were no deposits on a selected date, then next chronologically deposit date was selected. If there were multiple deposits on the same date in the same account, we randomly selected one deposit. We obtained the Association's collection documentation (copies of checks stamped with dates of receipt, transmittal reports, drawdown reports, deposit slip images, and bank statements) for each of these deposits, traced collection documentation to deposit slips, traced deposit slips to bank statements, and traced deposits per bank statement to the general ledger.

We observed dates on collection documentation and compared to dates of deposit per bank statements.

COLLECTIONS (CONTINUED)

Findings:

- a) Found that of the ten selected deposits, four were automated clearing house (ACH) transactions, four were transfers between the Association's bank accounts, and two were collections of checks / money orders. There were no sequentially pre-numbered receipts for any of these transactions.
- b) Copies of checks, transmittal reports, and drawdown reports for cash collections agree with deposit slips for the two cash collections and four ACH transactions. There was no collection documentation for the four bank transfers.
- c) Found that the four ACH transactions do not require deposit slips. Found that the deposit slips agree to bank statements for the remaining six transactions.
- d) Found that ACH transactions and bank transfers were deposited on the same business day as collected. Of the remaining two deposits which were collections of checks / money orders collected at the CEO's Office, one in the amount of five hundred dollars was deposited within three business day of receipt and one in the amount of five hundred dollars was deposited within five business days of receipt. The depository is less than ten miles from the collection location.
- e) Found that all ten deposits per bank statements agree with the general ledger.

Management's response:

We will begin depositing all collections in excess of one hundred dollars within one business day of collection.