

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

FINANCIAL REPORT

(Reviewed)

August 31, 2018

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the **LOUISIANA DELTA SERVICE CORPS (LDSC)** (a non-profit corporation), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of many material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonably basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 21, 2018

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

August 31, 2018 and 2017

(See Independent Accountants' Review Report)

ASSETS

| | 2018 | 2017 |
|------------------------------------|-------------|-------------|
| CURRENT ASSETS | | |
| Cash | \$ 328,006 | \$ 369,491 |
| Certificate of deposit | 56,142 | 56,126 |
| Accounts receivable | 30,177 | 43,789 |
| Prepaid expense and other | 22,826 | 12,981 |
| Total current assets | 437,151 | 482,387 |
| PROPERTY AND EQUIPMENT, net | 4,311 | - |
| Total assets | \$ 441,462 | \$ 482,387 |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|------------|------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 10,515 | \$ 9,021 |
| Accrued expenses | 6,754 | 8,722 |
| Total liabilities | 17,269 | 17,743 |
| NET ASSETS | | |
| Unrestricted | 424,193 | 464,644 |
| Total liabilities and net assets | \$ 441,462 | \$ 482,387 |

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

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended August 31, 2018 and 2017

(See Independent Accountants' Review Report)

| | 2018 | 2017 |
|-----------------------------------|------------|------------|
| REVENUES AND SUPPORT | | |
| Grants: | | |
| Federal assistance | \$ 473,821 | \$ 499,951 |
| State assistance | 5,000 | - |
| Other: | | |
| Host sites | 335,000 | 278,666 |
| In-kind | 11,920 | 16,593 |
| Interest and other | 5,465 | 6,750 |
| Total revenues and support | 831,206 | 801,960 |
| EXPENSES | | |
| Program: | | |
| Personnel | 720,528 | 679,023 |
| Operational | 57,150 | 43,561 |
| Participant support | 7,426 | 11,231 |
| Administrative | 86,553 | 40,512 |
| Total expenses | 871,657 | 774,327 |
| (Decrease) increase in net assets | (40,451) | 27,633 |
| NET ASSETS - UNRESTRICTED | | |
| Beginning of year | 464,644 | 437,011 |
| End of year | \$ 424,193 | \$ 464,644 |

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

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2018 and 2017

(See Independent Accountants' Review Report)

| | 2018 | 2017 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Decrease) increase in net assets | \$ (40,451) | \$ 27,633 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 392 | - |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 13,612 | 26,533 |
| Prepaid and other | (9,861) | (244) |
| Accounts payable and accrued liabilities | (474) | 2,075 |
| Net cash (used) provided by operating activities | (36,782) | 55,997 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (4,703) | - |
| Net (decrease) increase in cash | (41,485) | 55,997 |
| CASH | | |
| Beginning of year | 369,491 | 313,494 |
| End of year | \$ 328,006 | \$ 369,491 |

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

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Louisiana Delta Service Corps (LDSC) is a non-profit corporation whose purpose is to engage Americans of all ages and backgrounds as participants in community based service that provides a direct and demonstrable benefit that is valued by the community. Areas of service are education, public safety, the environment, and other human needs. LDSC primarily operates in the Baton Rouge and New Orleans areas.

LDSC administers the AmeriCorps program funded by federal grants through Corporation for National and Community Service/State of Louisiana/Louisiana Serve Commission.

Basis of presentation

The accounting and reporting policies of LDSC conform to generally accepted accounting principles.

Financial position and activities are to be reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LDSC did not have any temporarily or permanently restricted net assets at August 31, 2018 and 2017.

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, 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. Estimates are used primarily when accounting for depreciation, accrued vacation leave, and in-kind revenues and related expenses.

Revenue recognition

LDSC records grant revenue as services are rendered. Corps member host site revenue is realized in the period in which services are provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For the purpose of the statement of cash flows, LDSC considers cash in operating bank accounts as cash.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. At August 31, 2018, accounts receivable had a balance of \$17,800, which exceeded 90 days in age. No accounts receivable exceeded 90 days in age as of August 31, 2017. Management has determined that an allowance for doubtful accounts was not necessary since such amounts have been collected subsequent to year end. LDSC does not require collateral.

Property and equipment

Property and equipment purchased by LDSC is recorded at cost and depreciated using the straight-line method at August 31, 2018 and 2017 are as follows:

| Description | Estimated Service Life | 2018 | 2017 |
|-------------------------------|---------------------------|-----------------|-------------|
| Machinery and equipment | 3 - 5 years | \$ 10,474 | \$ 10,474 |
| Furniture and fixtures | 5 years | 4,703 | - |
| | | 15,177 | 10,474 |
| Less accumulated depreciation | | (10,866) | (10,474) |
| | | <u>\$ 4,311</u> | <u>\$ -</u> |

Depreciation expense was \$392 for 2018. Property and equipment was fully depreciated as of August 31, 2016, therefore, no depreciation expense was recorded for 2017.

In-kind contributions

In-kind contributions to LDSC have been recognized at the fair market value of the benefit received and consisted of supplies, materials, occupancy and travel of LDSC corps members during service projects, and the use of building space provided by sponsoring not-for-profit agencies. LDSC received \$11,920 and \$16,593 as in-kind contributions during the years ended August 31, 2018 and 2017, respectively.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically be purchased if not provided by donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation leave

Vacation leave is earned at varying rates for two to four weeks depending on length of service. A maximum of ten days of unused leave can be carried over to the subsequent year. Accordingly, amounts related to such vacation leave have been accrued.

Income taxes

LDSC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

LDSC follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. LDSC's open audit periods are 2014 through 2017.

Pension plan

LDSC sponsors a salary deferral plan (the Plan) that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the Plan, employees may elect to defer a percentage of their compensation up to a maximum of \$18,500 annually for the 2018 calendar year. Salary deferrals, employer contribution and the related earnings are 100% vested and non-forfeitable. LDSC is not required to make matching contributions to the Plan; however, during the years ended August 31, 2018 and 2017, LDSC elected to contribute \$22,600 and \$36,200, respectively, to the Plan.

These assets are held in the trust fund established under the Plan; the trust fund is independent of LDSC and administered by American Funds of VALIC.

Subsequent events

In preparing these financial statements, LDSC has evaluated events and transactions for potential recognition or disclosure through December 21, 2018, which is the date the financial statements were available to be issued.

NOTE 2 - CERTIFICATES OF DEPOSIT

At August 31, 2018 and 2017, LDSC held certificates of deposits (CD) with market value and cost of \$56,142 and \$56,126, respectively. Interest earnings are reinvested into the CD when paid.

NOTE 3 - ECONOMIC DEPENDENCY

During the years ended August 31, 2018 and 2017, LDSC received the majority of its revenues through Federal grants, as follows:

| <u>Federal grant</u> | <u>2018</u> | <u>2017</u> |
|-------------------------------|------------------|------------------|
| Receivable, beginning of year | \$ 43,539 | \$ 46,772 |
| Revenues earned | 473,821 | 499,951 |
| Collections | <u>(487,433)</u> | <u>(503,184)</u> |
| Receivable, end of year | <u>\$ 29,927</u> | <u>\$ 43,539</u> |

NOTE 4 - OPERATING LEASE

LDSC entered into a new twelve months lease agreement to rent office space in the effective February 1, 2018; the lease expires on January 31, 2019. The monthly rent expense is \$1,300 with three options to renew annually for an additional twelve-month term. The lease is cancellable by LDSC with a 90-day written notice to the landlord. If LDSC does not elect to renew the annual option, the lease is then converted into a month-to-month agreement where the monthly rent will increase to \$1,500 per month.

During 2018 and 2017, rent expense was \$17,800 and \$14,700, respectively.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject LDSC to concentrations of credit risk consist primarily of receivables. In addition, LDSC maintains cash in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited.

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

August 31, 2018
(Without Audit)

Agency Head: Lisa Teer, Executive Director

No compensation paid from public funds.

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

August 31, 2018



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide*, enumerated below, which were agreed to by the management of the **LOUISIANA DELTA SERVICE CORPS (LDSC)**, the Legislative Auditor, and applicable federal and state grantor agency/agencies solely to assist the users in evaluating management's assertions about LDSC's compliance with the certain laws and regulations for the year ended August 31, 2018 included in the accompanying *Louisiana Attestation Questionnaire*. Management of LDSC is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General. 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.

With respect to your representations relating to the federal, state, and local awards compliance, as of August 31, 2018, and for the year then ended, we applied the following agreed-upon procedures:

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

LDSC was awarded one Federal and one State of Louisiana grant during the year ended August 31, 2018, as follows:

| Grant description | Award # | Amount expended |
|--|----------------|-------------------|
| Corp. for National and Community Service (2017/18) | 15ACHLA0010006 | \$ 473,821 |
| Volunteer Louisiana Office of Outreach (2017/18) | | 5,000 |
| | | <u>\$ 478,821</u> |

2. For each federal, state, and local award, we performed the following procedures:

We randomly selected ten disbursements from the federal award administered during the period under examination, and traced the disbursements to supporting documentation as to amounts and payees. The state award only had three disbursements, which were all selected for review. No exceptions were noted.

3. One federal and one state award was completed during 2018; both awards were closed by its respective governance agencies as of August 31, 2018.
4. The open meetings law is not applicable to LDSC.
5. For all grants exceeding five thousand dollars, the grantee is required to provide the grantor with a comprehensive budget.

The grant awards listed in Procedure No. 1 above provided a comprehensive budget within each agreement that included the purpose and duration, specific goals, objectives, and measures of performance. Based on our review of the grant agreements, the grants comply with federal and state laws and regulations in terms of budget, purpose, and duration.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of the Board of Directors and management of the Louisiana Delta Service Corps, the Legislative Auditor (State of Louisiana), and the applicable federal/state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 21, 2018

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public agencies)**

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

_____ (Date Transmitted)

Faulk & Winkler
6811 Jefferson Highway
Baton Rouge, LA 70806

In connection with your review of our financial statements as of August 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/lla.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

Not applicable to LDSC.

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes [] No []

Reporting

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Not applicable to LDSC.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

_____ Secretary _____ Date

Susan M TBEA

Exec. Director
~~Treasurer~~

12/21/2018

Date

Jacinta A. Settoon

President

12/21/2018

Date