

ACADIANA OUTREACH CENTER, INC.

Financial Report

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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To the Officers and Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Outreach Center, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 9 to the financial statements, Acadiana Outreach Center, Inc. implemented the provisions of the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of Acadiana Outreach Center, 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 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 Acadiana Outreach Center, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 30, 2019

FINANCIAL STATEMENTS

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 221,210	\$ 206,978
Receivables:		
Grants	38,851	38,973
Other	-	1,500
Prepaid expenses	6,479	6,272
Total current assets	266,540	253,723
Property and equipment, net	201,318	188,622
Total assets	\$ 467,858	\$ 442,345
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,968	\$ 304
Accrued salaries	11,745	11,200
Compensated absences	1,340	1,261
Total current liabilities	15,053	12,765
Net assets:		
Without donor restrictions-		
Undesignated	452,805	429,580
Total liabilities and net assets	\$ 467,858	\$ 442,345

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Activities
For The Years Ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues -		
Grants	\$ 512,591	\$ 355,291
Contributions	70,835	66,069
Special events	139,250	178,937
Program revenue	-	2,529
In-kind donations	31,905	19,318
Investment income	4,430	2,534
Other income	5,770	7,299
Total unrestricted revenue	764,781	631,977
Expenses -		
Program services	647,472	489,289
Supporting services:		
Management and general	7,214	7,868
Fundraising	86,870	93,946
Total supporting services	94,084	101,814
Total expenses	741,556	591,103
Change in net assets	23,225	40,874
Net assets, beginning of year	429,580	388,706
Net assets, end of year	\$ 452,805	\$ 429,580

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2019

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 263,688	\$ 3,565	\$ 7,129	\$ 10,694	\$ 274,382
Client assistance	293,387	-	-	-	293,387
Depreciation	9,110	479	-	479	9,589
Fundraising	-	-	57,015	57,015	57,015
In-kind donations	10,110	-	21,795	21,795	31,905
Insurance	17,253	908	-	908	18,161
Miscellaneous	10,482	552	-	552	11,034
Office expense	8,933	470	-	470	9,403
Professional fees	14,520	200	931	1,131	15,651
Repairs and maintenance	8,031	423	-	423	8,454
Staff development	240	-	-	-	240
Utilities	11,718	617	-	617	12,335
Total	\$ 647,472	\$ 7,214	\$ 86,870	\$ 94,084	\$ 741,556

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2018

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries and related expenses	\$ 249,143	\$ 4,055	\$ 8,110	\$ 12,165	\$ 261,308
Client assistance	155,801	-	-	-	155,801
Depreciation	8,396	442	-	442	8,838
Fundraising	-	-	70,415	70,415	70,415
In-kind donations	2,318	-	15,000	15,000	17,318
Insurance	17,659	929	-	929	18,588
Miscellaneous	9,615	516	-	516	10,131
Office expense	11,397	600	-	600	11,997
Professional fees	8,750	96	421	517	9,267
Repairs and maintenance	11,822	622	-	622	12,444
Staff development	2,832	-	-	-	2,832
Utilities	11,556	608	-	608	12,164
Total	\$ 489,289	\$ 7,868	\$ 93,946	\$ 101,814	\$ 591,103

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Cash Flows
For The Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,225	\$ 40,874
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	9,589	8,838
Donation of equipment	-	(2,000)
Change in current assets and liabilities:		
Grants receivable	122	(17,228)
Other receivables	1,500	(1,500)
Prepaid expenses	(207)	(897)
Accounts payable	1,665	(1,056)
Accrued payroll	545	1,593
Compensated absences	<u>79</u>	<u>(2,325)</u>
Net cash provided by investing activities	36,518	26,299
Cash flows from investing activities:		
Purchase of property and equipment	<u>(22,286)</u>	<u>-</u>
Net increase in cash and cash equivalents	14,232	26,299
Cash and cash equivalents, beginning of year	<u>206,978</u>	<u>180,679</u>
Cash and cash equivalents, end of year	<u>\$ 221,210</u>	<u>\$ 206,978</u>
Supplemental information:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Acadiana Outreach Center, Inc. (the Organization or AOC) was organized under the provisions of R.S. 1950, Title 12, Chapter 2, as amended, of the State of Louisiana on November 5, 1990. The Organization constitutes a not-for-profit corporation, organized exclusively for charitable, educational, and scientific purposes. The Acadiana Outreach Center, Inc. focuses on the needs of the poor and homeless in South Louisiana areas by providing housing and support services, emergency/transitional shelter, basic needs services, and comprehensive case management services to fight poverty and homelessness. The Organization's major programs are as follows:

Lighthouse Shelter - The Lighthouse is an emergency/transitional shelter for homeless families. The Lighthouse is a twenty-eight (28) bed facility providing case management, housing referrals, job placement assistance, life skills training, plus the basic necessities of food, shelter, and clothing.

Rapid Rehousing Programs – In 2016 Acadiana Outreach Center applied for and was granted funds from the U.S. Department of Housing and Urban Development (HUD) to provide Rapid Rehousing services for individuals and families experiencing homelessness. This program provides rental assistance, rent/utility deposit assistance, case management, and other support services.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

E. Property and Equipment

Property and equipment are stated at historical cost, if purchased. Donations of property and equipment are recorded as contributions at their estimated market value. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7 - 39 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 years

F. Revenue/Expense Recognition and Receivables

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Grants for fee income are recorded as unrestricted net assets in the statements of activities. Grants receivable represent amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization.

An allowance for doubtful accounts is based on management's estimate of collectability of receivables based on economic conditions, experience, and other relevant factors. All receivables are deemed collectable and an allowance for doubtful accounts has not been recorded as of June 30, 2019 and 2018.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

G. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally three years after they are filed.

I. Compensated Absences

Vacation, personal, and sick leave are recorded as expenses of the period in which earned. Although personal and sick leave are available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon separation for all employees. At June 30, 2019 and 2018, the accrued vacation leave amounted to \$1,340 and \$1,261, respectively.

J. Donated Facilities, Materials, and Services

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the years ended June 30, 2019 and 2018, there were no contributed services meeting the requirements for recognition.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The Organization received contributions of auction items in the amount of \$15,000 for the years ended June 30, 2019 and 2018. Various supplies were donated to be used within the programs and distributed to clients without charge for the years ended June 30, 2019 and 2018 in the amounts of \$10,110 and \$2,318, respectively. Additionally, the Organization received a copier during the fiscal year ended June 30, 2018 in the amount of \$2,000 and advertising for their fundraiser during the fiscal year ended June 30, 2019 in the amount of \$6,795. These contributions have been recorded at their estimated market value as revenue with the offset recorded to expenses. The values of in-kind contributions received during the years ended June 30, 2019 and 2018 were \$31,905 and \$19,318, respectively.

K. Advertising Costs

Advertising costs are expensed as incurred. There were advertising expenses in the amount of \$6,795 and \$0 for the years ended June 30, 2019 and 2018, respectively.

(2) Liquidity and Availability of Financial Assets

The Organization has \$260,061 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$221,210 and grants receivable of \$38,851. There were no donor-imposed regulations within one year of the statement of financial position date. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(3) Property and Equipment

Property and equipment consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 56,500	\$ 56,500
Buildings and improvements	266,279	249,501
Vehicles	39,544	39,544
Furniture, fixtures, and equipment	<u>37,704</u>	<u>32,197</u>
Total property and equipment	400,027	377,742
Less: Accumulated depreciation	<u>(198,709)</u>	<u>(189,120)</u>
Property and equipment, net	<u>\$ 201,318</u>	<u>\$ 188,622</u>

Total depreciation expense for the years ended June 30, 2019 and 2018 was \$9,589 and \$8,838, respectively.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, the Organization's cash balances were fully secured.

(5) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Acadiana Outreach Center, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(6) Risk Management

The Acadiana Outreach Center, Inc. is exposed to risks of loss in the areas of health care, general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

(7) Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended June 30, 2019.

(8) New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective for annual periods beginning after December 31, 2018 and is not expected to have a significant impact on the Organization's financial statements.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which made the following changes that may affect the Organization: Debt Prepayment or Debt Extinguishment Costs: Cash payments for debt prepayment or debt extinguishment costs should be classified as cash flows for financing activities. The amendments in this ASU will be effective for entities other than public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization does not expect the guidance to have a material impact on its financial statements.

The FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which will clarify how entities determine whether to account for a transfer of assets as an exchange transaction or a contribution and how the entities will determine whether a contribution is conditional. The amendments in this ASU will be effective for entities other than public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization does not expect the guidance to have a material impact on its financial statements.

(9) Change in Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) in August 2016. The Organization has changed the presentation of its financial statements accordingly, applying the changes retrospectively to beginning net assets presented. The new standard changed the following aspects of the Organization's financial statements: temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class named net assets with donor restrictions; the unrestricted net asset class has been changed to net assets without donor restrictions; and the financial statements include a new disclosure relative to the liquidity and availability of resources.

The adoption of ASU 2016-14 had the following effect on previously reported net assets.

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted - undesignated	\$ 429,580	\$ -
Net assets without donor restrictions- Undesignated	-	429,580
	\$ 429,580	\$ 429,580

(10) Subsequent Event Review

The Organization's management has evaluated subsequent events through September 30, 2019, the date which the financial statements were available to be issued and determined that no events have occurred that require additional disclosure.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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* A Professional Accounting Corporation

To the Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Acadiana Outreach Center, Inc.'s (Organization) 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 Acadiana Outreach Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 30, 2019

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan

A. Compliance Findings-

There are no findings to report under this section.

B. Internal Control Findings-

There are no findings to report under this section.

Part II. Prior Year Findings

A. Compliance Findings-

There are no findings to report under this section.

B. Internal Control Findings-

There are no findings to report under this section.