

**Delta Community Action Association, Inc.
Tallulah, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2018 and 2017

Delta Community Action Association, Inc.
Tallulah, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 10
Combining Schedules:	
Combining Schedule of Financial Position	11
Combining Schedule of Activities	12
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13
Schedule of Expenditures of Federal Awards	14
Notes to the Schedule of Expenditures of Federal Awards	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16 – 17
Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance	18 - 19
Summary Schedule of Prior Audit Findings	20
Schedule of Findings and Questioned Costs	20
Schedule of Audit Findings for Louisiana Legislative Auditor	21

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Community Action Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Delta Community Action Association, Inc., as of June 30, 2018, and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, on pages 14 - 15, as required by Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental combining schedules on pages 11 and 12 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 13 is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards, the supplemental combining schedules, and the other supplementary information are 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 December 20, 2018, on our consideration of Delta Community Action 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delta Community Action Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delta Community Action Association, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 20, 2018

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Financial Position
June 30, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 422,177	\$ 319,061
Grant receivables	233,809	194,496
Total current assets	<u>655,986</u>	<u>513,557</u>
Property and Equipment:		
Property and equipment	2,910,960	2,730,993
Accumulated depreciation	<u>(2,470,483)</u>	<u>(2,407,655)</u>
Total property and equipment	<u>440,477</u>	<u>323,338</u>
 Total Assets	 <u><u>\$ 1,096,463</u></u>	 <u><u>\$ 836,895</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 207,648	\$ 130,574
Accrued liabilities	197,401	140,216
Refundable advances		7,662
Total current liabilities	<u>405,049</u>	<u>278,452</u>
Net assets:		
Unrestricted:		
Operating	166,784	133,484
Designated	84,153	101,621
Fixed assets	<u>440,477</u>	<u>323,338</u>
Total net assets	<u>691,414</u>	<u>558,443</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,096,463</u></u>	 <u><u>\$ 836,895</u></u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Activities
For the Years Ended June 30, 2018 and 2017

	Unrestricted	
	2018	2017
Revenues and Other Support:		
Contractual revenue - grants	\$ 6,027,306	\$ 5,880,907
Miscellaneous revenues	1,839	294
Total revenues and other support	6,029,145	5,881,201
Expenses:		
Program expenses		
Head Start and Early Head Start programs	3,694,548	3,632,705
Child care food program	386,586	386,080
Community services block grant	90,900	115,259
Home energy assistance	410,489	363,616
Family day care services	671,304	741,299
Delta recovery program	12,353	65,635
Early childhood network	14,965	9,781
General and Administrative expenses	615,029	615,519
Total expenses	5,896,174	5,929,894
Changes in net assets	132,971	(48,693)
Net assets as of beginning of year	558,443	607,136
Net assets as of end of year	\$ 691,414	\$ 558,443

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Operating activities		
Changes in net assets	\$ 132,971	\$ (48,693)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	62,828	72,298
(Increase) decrease in operating assets:		
Grant receivables	(39,313)	282,514
Increase (decrease) in operating liabilities:		
Accounts payable	77,074	(182,455)
Accrued liabilities	57,185	(10,496)
Refundable advances	(7,662)	(6,264)
	283,083	106,904
Investing activities		
Payments for property and equipment	(179,967)	(21,312)
	(179,967)	(21,312)
Financing activities		
Payment of short-term trade account used to finance equipment acquisition		(88,453)
		(88,453)
Net increase (decrease) in cash	103,116	(2,861)
Cash as of beginning of year	319,061	321,922
Cash as of end of year	\$ 422,177	\$ 319,061

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Delta Community Action Association, Inc. (Delta) is a private non-profit corporation incorporated under the laws of the State of Louisiana. A Board of Directors composed of 15 members governs Delta. Delta operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various parishes in Louisiana that Delta serves. The following programs, with their approximate percentage of total revenues indicated, are administered by Delta:

Head Start and Early Head Start Program (71%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Care Food Program (6%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

Community Services Block Grant (2%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Home Energy Assistance (7%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

Family Day Care Services (12%) – Provides a food service program for children in private nonprofit centers of approximately 124 homes. Funding is provided by federal funds passed through the Louisiana Department of Education.

Delta Recovery Program (1%) – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

Early Childhood Network (1%) – Provides technology support to prepare our youngest learners for kindergarten. Funding is provided by federal funds passed through the Louisiana Department of Education.

B. Basis of Accounting

The financial statements of Delta have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

D. Income Tax Status

Delta is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2018 and 2017. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Delta considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. Delta has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Delta to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2018 and 2017, Delta had no significant concentrations of credit risk in relation to grant receivables.

Delta maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2018, total cash balances held at financial institutions was \$513,731; this amount was fully insured by FDIC. At June 30, 2017, total cash balances held at financial institutions was \$675,771. Of this amount, \$610,188 was insured by FDIC, and the remaining \$65,583 was not secured.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2018 and 2017, but received after those dates.

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2018:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7–20 years	590,448		590,448
Leasehold improvement	7–20 years	249,277		249,277
Furniture and equipment	5–10 years	553,043		553,043
Vehicles	5 years	1,353,401		1,353,401
Assets not in operation		149,791		149,791
Accumulated depreciation		<u>(2,470,483)</u>		<u>(2,470,483)</u>
Net investment in property and equipment		<u>\$ 425,477</u>	<u>\$ 15,000</u>	<u>\$ 440,477</u>

Depreciation expense for the year ended June 30, 2018 was \$62,828.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

Property and equipment consisted of the following at June 30, 2017:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7-20 years	590,449	-	590,449
Leasehold improvement	7-20 years	249,277	-	249,277
Furniture and equipment	5-10 years	540,282	-	540,282
Vehicles	5 years	1,186,194	-	1,186,194
Assets not in operation		149,791	-	149,791
Accumulated depreciation		<u>(2,407,655)</u>	<u>-</u>	<u>(2,407,655)</u>
Net investment in property and equipment		<u>\$ 308,338</u>	<u>\$ 15,000</u>	<u>\$ 323,338</u>

Depreciation expense for the year ended June 30, 2017 was \$72,298.

(5) Refundable Advances

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

(6) Contractual Revenue – Grants

During the years ended June 30, 2018 and 2017, Delta received contractual revenue from federal and state grants in the amount of \$6,027,306 and \$5,880,907, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(7) Retirement Plan

Delta participates in a tax deferred annuity 403(b) plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 2018 and 2017 was \$58,324 and \$58,100, respectively.

(8) Accrued Liabilities

Accrued liabilities consisted of the following:

	2018	2017
Accrued leave payable	\$ 96,123	\$ 106,398
Payroll taxes payable	101,278	33,818
	<u>\$ 197,401</u>	<u>\$ 140,216</u>

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2018 and 2017
(Continued)

(9) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Buildings	\$ 53,053	\$ 58,303
Equipment	11,286	11,332
	\$ 64,339	\$ 69,635

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

For the Year Ending June 30,		
2019	\$	14,603
2020		14,401
2021		10,800
Total minimum future rentals	\$	39,804

(10) Subsequent events

Subsequent events have been evaluated through December 20, 2018, the date the financial statements were available to be issued.

(11) Designated Net Assets

Designated net assets at June 30, 2018 consisted of \$13,027 for use within the Low-Income Home Energy Assistance Program, \$44,070 for use within the Child Care Food Program, and \$27,056 for use within the Family Day Care Home Program. Designated net assets at June 30, 2017 consisted of \$39,460 for use within the Low-Income Home Energy Assistance Program, \$48,736 for use within the Child Care Food Program, and \$13,425 for use within the Family Day Care Home Program.

(12) Commitments

Delta entered into certain agreements with a contractor, in the amount of \$130,552, for repairs and maintenance to Head Start and Early Head Start facilities. As of June 30, 2018, \$58,543 had been incurred, with the remaining amount to be incurred subsequent to June 30, 2018.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Financial Position
June 30, 2018

Assets	Head Start and Early Head Start Programs	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Early Childhood Network	General Services	Total
Current assets:									
Cash	\$ 50,928	\$ 9,519	\$ 3,222	\$ 13,289	\$ 36,987	\$	\$	\$ 308,232	\$ 422,177
Grant receivables	109,879	37,432	13,258	2,593	55,073		15,574		233,809
Due from other funds								46,912	46,912
Total current assets	<u>160,807</u>	<u>46,951</u>	<u>16,480</u>	<u>15,882</u>	<u>92,060</u>		<u>15,574</u>	<u>355,144</u>	<u>702,898</u>
Property and equipment:									
Property and equipment	2,892,109		17,142		1,190	519			2,910,960
Accumulated depreciation	(2,451,632)		(17,142)		(1,190)	(519)			(2,470,483)
Total property & equipment	<u>440,477</u>								<u>440,477</u>
Total Assets	<u><u>\$ 601,284</u></u>	<u><u>\$ 46,951</u></u>	<u><u>\$ 16,480</u></u>	<u><u>\$ 15,882</u></u>	<u><u>\$ 92,060</u></u>	<u><u>\$</u></u>	<u><u>\$ 15,574</u></u>	<u><u>\$ 355,144</u></u>	<u><u>\$ 1,143,375</u></u>
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 138,895	\$ 2,437	\$ 1,480	\$ 516	\$ 58,410	\$	\$ 5,574	\$ 336	\$ 207,648
Accrued liabilities		444		2,339	6,594			188,024	197,401
Due to other funds	21,912		15,000				10,000		46,912
Total current liabilities	<u>160,807</u>	<u>2,881</u>	<u>16,480</u>	<u>2,855</u>	<u>65,004</u>		<u>15,574</u>	<u>188,360</u>	<u>451,961</u>
Net assets:									
Unrestricted:									
Operating								166,784	166,784
Designated		44,070		13,027	27,056				84,153
Fixed assets	440,477								440,477
Total net assets	<u>440,477</u>	<u>44,070</u>		<u>13,027</u>	<u>27,056</u>			<u>166,784</u>	<u>691,414</u>
Total Liabilities and Net Assets	<u><u>\$ 601,284</u></u>	<u><u>\$ 46,951</u></u>	<u><u>\$ 16,480</u></u>	<u><u>\$ 15,882</u></u>	<u><u>\$ 92,060</u></u>	<u><u>\$</u></u>	<u><u>\$ 15,574</u></u>	<u><u>\$ 355,144</u></u>	<u><u>\$ 1,143,375</u></u>

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2018

	Head Start and Early Head Start Programs	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Early Childhood Network	General Services	Total
Revenues and Other Support:									
Contractual revenue - grants	\$ 4,281,000	\$ 381,920	\$ 146,556	\$ 446,870	\$ 741,177	\$ 12,662	\$ 17,121	\$	\$ 6,027,306
Miscellaneous revenue				86				1,753	1,839
Total revenues and other support	4,281,000	381,920	146,556	446,956	741,177	12,662	17,121	1,753	6,029,145
Expenses									
Program									
Salaries	2,091,799	141,289	59,482		31,407	936			2,324,913
Fringe benefits	582,112	44,816	19,631		16,524	72			663,155
Travel	7,625		1,882		6,220				15,727
Equipment	83,357				2,298				85,655
Occupancy	222,214	3,520			2,656	396			228,786
Telephone and postage	77,311				4,801	264			82,376
Insurance	58,842				355				59,197
Vehicle operation	146,632								146,632
Supplies	153,586	1,598			3,486	74	3,914		162,658
Professional services	68,970		1,500			1,917	11,051		83,438
Food and related supplies	63,227	194,056							257,283
Miscellaneous	88,611	1,307	8,405		452	8,694			107,469
Client assistance payments				410,489	603,105				1,013,594
Depreciation	50,262								50,262
Total program	3,694,548	386,586	90,900	410,489	671,304	12,353	14,965		5,281,145
General and Administrative									
Salaries	288,003		36,188	15,589	47,110	264			387,154
Fringe benefits	82,167		7,427	3,718	3,147	20			96,479
Travel	87		2,958		468				3,513
Equipment					147				147
Supplies	35,653		377		183	25			36,238
Professional services	30,825		2,700		4,659				38,184
Occupancy	13,462		883		170			544	15,059
Telephone and postage	4,069		651		306				5,026
Insurance	1,524		61		23				1,608
Miscellaneous	957		4,411	13,351	29			307	19,055
Depreciation	12,566								12,566
Total general and administrative	469,313		55,656	32,658	56,242	309		851	615,029
Total expenses	4,163,861	386,586	146,556	443,147	727,546	12,662	14,965	851	5,896,174
Change in net assets	117,139	(4,666)		3,809	13,631		2,156	902	132,971
Net assets, beginning of year	323,338	48,736		39,460	13,425		(2,156)	135,640	558,443
Transfers				(30,242)				30,242	
Net assets, end of year	\$ 440,477	\$ 44,070	\$	\$ 13,027	\$ 27,056	\$	\$	\$ 166,784	\$ 691,414

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head: Carl Smith, Executive Director

<u>Purpose</u>	<u>Amount Paid with Federal Funds</u>
Salary	\$ 83,096
Benefits - retirement	4,155
Registration fees	547
Travel	377
Reimbursements	274

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Head Start (Fy 06-30-18)	93.600	06CH010086-03	\$	\$ 4,281,000
477 Cluster				
Passed through Louisiana Workforce Commission Community Services Block Grant	93.569	2017N0038		156,831
Passed through the Louisiana Department of Education Child Care Development Block Grant - Madison PreK (Fy 6-30-18)	93.575	Unknown		11,117
Total 477 Cluster				<u>167,948</u>
Passed through Louisiana Housing Corporation Home Energy Assistance Program - Energy	93.568	Unknown		443,147
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse Delta Recovery Center (Fy 06-30-18)	93.959	2000195093		9,560
Passed through Louisiana Department of Health and Hospitals, Office of Behavioral Health Synar Initiative (Fy 06-30-18)	93.959	Unknown		1,550
Total Department of Health and Human Services				<u>4,903,205</u>
<u>U.S. Department of Agriculture</u>				
Passed through Louisiana Department of Education Child and Adult Care Food Program (Head Start) (Fy 09-30-17)	10.558	Unknown		83,384
Child and Adult Care Food Program (Head Start) (Fy 09-30-18)	10.558	Unknown		303,202
Child and Adult Care Food Program (FDCH) (Fy 09-30-17)	10.558	Unknown		197,120
Child and Adult Care Food Program (FDCH) (Fy 09-30-18)	10.558	Unknown		530,426
Total Department of Agriculture				<u>1,114,132</u>
Total federal expenditures			\$	<u>\$ 6,017,337</u>

See accompanying notes to the schedule of expenditures of federal awards.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Delta Community Action Association, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Delta Community Action Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Delta Community Action Association, Inc.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) Delta Community Action Association Inc. does not utilize an indirect cost rate.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance
And Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Directors
Delta Community Action Association, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Delta Community Action Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delta Community Action 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 Delta Community Action Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Delta Community Action 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 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.

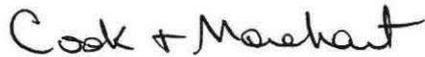
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta Community Action Association, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 20, 2018

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
Delta Community Action Association, Inc.

Report on Compliance for Each Major Federal Program

We have audited Delta Community Action 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 Delta Community Action Association, Inc.'s major federal program for the year ended June 30, 2018. Delta Community Action Association, Inc.'s major federal program is 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 Delta Community Action Association, Inc.'s major federal program 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 Delta Community Action 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 the major federal program. However, our audit does not provide a legal determination of Delta Community Action Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Delta Community Action 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 its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Delta Community Action 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 Delta Community Action Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Delta Community Action 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 describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 20, 2018

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2018

There were no findings or questioned cost for the prior year audit ending June 30, 2017.

Schedule of Findings and Questioned Costs
June 30, 2018

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : yes no
Significant deficiencies identified : yes none reported

Noncompliance material to financial
statements noted :

yes no

Federal Awards

Internal control over major programs :

Material weaknesses identified : yes no
Significant deficiencies identified : yes none reported

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

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

yes no

Identification of major federal programs :

CFDA# 93.600 - Head Start Program

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

Auditee qualified as low risk :

yes no

B. Findings – Financial Statements Audit: None

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

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Audit Findings for Louisiana Legislative Auditor
June 30, 2018

Summary Schedule of Prior Audit Findings

There were no findings for the prior year ended June 30, 2017.

Summary Schedule for Current Year Audit Findings

There are no current year findings for the year ended June 30, 2018.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Delta Community Action Association, Inc. (a nonprofit organization), 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 July 1, 2017 through June 30, 2018. The Delta Community Action Association, Inc.'s (Delta) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Bank Reconciliations

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

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).

Management provided the requested information, along with management's representation that the listing is complete.

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:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees responsible for cash collections do not share the 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.

Each employee responsible for collecting cash is not responsible for preparing/making bank deposits.

- 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.

Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

- 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.

Each employee responsible for reconciling cash collections to the general ledger, by revenue source are not responsible for collecting cash.

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

All employees are covered by a blanket insurance policy for theft.

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.

Delta does not utilize receipt books.

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

For the deposits selected for testing, all were traced to the deposit slips.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

For the deposits selected for testing, the actual deposit was traced to 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).

For the deposits selected for testing, all were deposited within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

For the deposits selected for testing, all were traced to the general ledger.

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

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

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

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Contracts

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

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

Delta's policy does not require the board to approve contracts.

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

None of the contracts selected for testing were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The five (5) contracts selected for testing were supported by an invoice that agreed with the contract terms.

Payroll and Personnel

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Ethics (excluding nonprofits)

Not applicable to nonprofit organizations.

Debt Service (excluding nonprofits)

Not applicable to nonprofit organizations.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

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

Delta has posted on its premises and website the notice required by R.S. 24:523.1.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
December 20, 2018