



Luther Speight & Company
Certified Public Accountants and Consultants

URBAN SUPPORT AGENCY, INC.

Shreveport, Louisiana

Financial Statements and
Independent Auditor's Report Theron
For the Year Ended June 30, 2018

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Luther Speight & Company
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Urban Support Agency, Inc.
Shreveport, Louisiana

We have audited the accompanying financial statements of Urban Support Agency, Inc. (the Agency), a nonprofit organization, which comprise the statement of financial position as of June 30, 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. 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 Urban Support Agency, Inc. as of June 30, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Functional Expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of Urban Support'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 Urban Support'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 Urban Supports internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
December 10, 2018

URBAN SUPPORT AGENCY, INC.
Statement of Financial Position
as of June 30, 2018

ASSETS

Assets:	
Cash	\$ 8,186
Grants Receivable	<u>18,429</u>
Total Assets	<u><u>\$ 26,615</u></u>

LIABILITES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 104
Line of Credit	10,307
Payroll Tax Payable	<u>9,741</u>
Total Liabilities	20,152
Net Assets:	
Unrestricted Net Assets	<u>6,463</u>
Total Net Assets	<u><u>6,463</u></u>
Total Liabilities and Net Assets	<u><u>\$ 26,615</u></u>

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

URBAN SUPPORT AGENCY, INC.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
GRANT AND SUPPORT			
Department of Education	\$ -	\$ 428,601	\$ 428,601
Caddo Commission	-	30,000	30,000
Other Income	1,335	-	1,335
Releases From Restrictions	458,601	(458,601)	-
Total Grant and Support	<u>459,936</u>	<u>-</u>	<u>459,936</u>
EXPENDITURES			
Program Services			
21st Century Learning	427,468	-	427,468
Child and Adult Care Food Program	44,270	-	44,270
Caddo Parish Commission	28,309	-	28,309
Total Program Services	<u>500,047</u>	<u>-</u>	<u>500,047</u>
Support Services			
Management and General	1,397	-	1,397
Total Support Services	<u>1,397</u>	<u>-</u>	<u>1,397</u>
Change in Net Assets	(41,508)		(41,508)
Net Assets			
Beginning of Year	<u>47,971</u>	<u>-</u>	<u>47,971</u>
End of Year	<u>\$ 6,463</u>	<u>\$ -</u>	<u>\$ 6,463</u>

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

URBAN SUPPORT AGENCY, INC.
Statement of Functional Expenses
for the Twelve Months Ended June 30, 2018

	<u>Program Services</u>					
	<u>21st Century Learning Centers</u>	<u>Child and Adult Care Food Program</u>	<u>Caddo Parish Commission</u>	<u>Total Program Services</u>	<u>Management & General</u>	<u>Total Expenses</u>
Personnel	\$ 325,470	\$ 26,592	\$ -	\$ 352,062	\$ -	\$ 352,062
Professional Services	13,910	5,322	26,450	45,682	-	45,682
Fringes	30,478	2,291	-	32,769	-	32,769
Rent	28,020	-	-	28,020	-	28,020
Travel	10,512	3,726	-	14,238	-	14,238
Insurance	7,829	2,400	-	10,229	-	10,229
Supplies	3,311	3,939	1,859	9,109	155	9,264
Transportation	5,034	-	-	5,034	-	5,034
Communication	2,708	-	-	2,708	1,242	3,950
Office Expense	196	-	-	196	-	196
Total Expenses	<u>\$ 427,468</u>	<u>\$ 44,270</u>	<u>\$ 28,309</u>	<u>\$ 500,047</u>	<u>\$ 1,397</u>	<u>\$ 501,444</u>

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

URBAN SUPPORT AGENCY
Statement of Cash Flows
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (41,508)
Adjustments to reconcile net income to net cash:	
Decrease in receivables	5,832
Decrease in payables	(19,432)
Cash used by operating activities	<u>(55,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in line of credit	7,457
Cash provided by financing activities	<u>7,457</u>
Net change in cash	(47,651)
Cash - beginning of period	55,837
Cash - end of period	<u><u>\$ 8,186</u></u>

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

URBAN SUPPORT AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Urban Support Agency, Inc. (Agency) is a non-profit organization incorporated under the laws of the State of Louisiana on July 19, 1996. The Agency was established to provide tutorial and housing related services to targeted persons or families in need. Funding from donations and grants are utilized for this purpose.

Basis of Accounting

The financial statements of the Agency are prepared on the accrual basis. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-210, *Not-For-Profit Entities*. Under ASC 958-210, the Agency may 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.

Net Assets

Net Assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

- *Unrestricted Net Assets* – Net Assets not subject to donor-imposed restrictions.
- *Temporarily Restricted Net Assets* - Net Assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time. As of June 30, 2018, Net Assets included no temporarily restricted net assets.
- *Permanently Restricted Net Assets* – Net Assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action. As of June 30, 2018, Net Assets included no permanently restricted net assets.

URBAN SUPPORT AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Uses 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.

Economic Dependency

Approximately 93% of the Agency's funding is federal funds passed through of the State of Louisiana's Department of Education. The Agency's continued operations are substantially dependent upon continued funding from these funding sources.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized at a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated the Agency's various functions. Expenses requiring allocation include services provided by the Agency's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage on a percentage of time or actual usage.

Income Tax Status

The Agency is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509 (a)(1) of the Code is subject to federal income tax. The Agency currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Agency's Forms 990, *Return of Organization exempt from Income Tax*, are subject to examination by the IRS for three years after they are filed.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. New or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018, but early adoption is permitted. Adoption of this ASU would impact the presentation and disclosures of the Agency's financial statements. The Agency has not elected to early adopt this standard.

URBAN SUPPORT AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – GRANTS RECEIVABLE

Grants receivable are amounts due from the grantor awarding agency as reimbursement of costs incurred to provide the services defined and agreed upon in the contracts. The Agency was still owed \$18,429 by the grantor awarding agency at June 30, 2018. The Agency received the full amount owed during August 2018.

NOTE 3 – SUMMARY OF GRANT FUNDING

Urban Support Agency recorded grant revenues from the following programs as follows for fiscal 2018:

	<u>Amount</u>
21st Century Community Learning Centers	\$ 428,601
Caddo Parish Commission	<u>30,000</u>
Total	<u><u>\$ 458,601</u></u>

Grant revenues are 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.

NOTE 4 – LINE OF CREDIT

The Agency has available an unsecured revolving line of credit with a bank with a maximum of \$20,000. The line of credit is evaluated and renewed annually. Borrowings under the line of credit bear interest at 9.25%. The outstanding balance on the line of credit was \$10,307 at June 30, 2018.

NOTE 5 – COMMITMENTS

Urban Support Agency, Inc has an agreement to lease space for its main office. The terms of the lease are thirty days (month-to-month) and renew at the first of each month thereafter. Lease Expense for the year ended June 30, 2018 was \$28,020.

URBAN SUPPORT AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CONTINGENCIES

As of June 30, 2018, there were no matters relating to existing or possible litigation, questioned costs nor refunds of grant proceeds.

NOTE 7 – COMPENSATED ABSENCES

The Agency does not have an accrued paid-time off policy. Substantially all employees are part time, and therefore do not earn or accrue paid-time off. Therefore, management did not record a liability for compensated absences.

NOTE 8 – LOUISIANA DEPARTMENT OF EDUCATION SITE VISIT AND RESULTS

Louisiana Department of Education (LDOE) staff conducted on-site technical assistance visits on April 10-12, 2017 at four of the Agency's sites regarding their operation of the Child and Adult Care Food Program (CACFP). During these site visits, several deficiencies were noted in the Agency's operations of this program. Those deficiencies were related to record-keeping, program accountability, and administrative capability. The LDOE determined these were serious deficiencies and informed the Agency if they did not correct them by a certain date that they would terminate the Agency's agreement with the CACFP, disqualify the Agency from future participation of the program, and disqualify the Agency's responsible principals from future CACFP participation. The Agency did respond with a Corrective Action Plan, but the LDOE determined it was inadequate. As a result, the LDOE terminated the Agency's permanent agreement to participate in the CACFP effective June 1, 2017, disqualified the Agency from future participation, disqualified the Executive Director and Board Chairman from future participation, and disallowed all meals served at the sites the LDOE staff noted meals were being served outside of the approved meal time frames. The Agency did not receive any funds for the CACFP during the June 30, 2018 fiscal year. There are also no outstanding receivables or payables related to this program as of June 30, 2018.

URBAN SUPPORT AGENCY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - SUBSEQUENT EVENTS

In preparing these financial statements, Urban Support Agency has evaluated events and transactions for potential recognition or disclosure through December 26, 2018, the date the financial statements were available to be issued. No additional disclosures are considered necessary.



Luther Speight & Company
Certified Public Accountants and Consultants

**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***

To the Board of Directors of
Urban Support Agency, Inc.
Shreveport, LA

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 Urban Support Agency, 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 10, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Support'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 Urban Support's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Support'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.

Continued,

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Luther Speight & Company CPAs".

Luther Speight & Company CPAs
New Orleans, Louisiana
December 10, 2018

**URBAN SUPPORT AGENCY, INC.
SUMMARY OF AUDITOR'S RESULTS
JUNE 30, 2018**

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(s) identified
not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Urban Support Agency, Inc. did not receive federal awards in excess of \$750,000 during the year ended June 30, 2018, and, therefore, is exempt from the audit requirements under the Uniform Guidance.

No Separate Management Letter Issued

URBAN SUPPORT AGENCY, INC.
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
JUNE 30, 2018

There were no findings noted during the year ended June 30, 2018.

URBAN SUPPORT AGENCY, INC.
JUNE 30, 2018
STATUS OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Description</u>	<u>Resolved / Unresolved</u>
2017-01	FAILURE TO MAINTAIN ADEQUATE RECORDS	Resolved*
2017-02	FAILURE TO COMPLY WITH CACFP PERFORMANCE STANDARDS	Resolved*

*The Program these findings correspond with was dissolved during the year ending June 30, 2017. Therefore, these findings no longer apply. See NOTE 8 for further information.

URBAN SUPPORT AGENCY, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head Name: Mr. Billy Wayne, Executive Director

Purpose	Amount
Salary	\$ 53,400
Benefits-insurance	-
Benefits-retirement	-
Benefits-Section 125	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses*	-
Special meals	-