

**ST. MARTIN, IBERIA, LAFAYETTE
COMMUNITY ACTION AGENCY, INC.**

Financial Report

Year Ended May 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities 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.

Auditors' 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 auditors' 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 the St. Martin, Iberia, Lafayette Community Action Agency, Inc. as of May 31, 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 Summarized Comparative Information

We have previously audited the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (pp. 22-34) is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards (pp. 41-42), as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 January 16, 2019, on our consideration of the St. Martin, Iberia, Lafayette Community Action Agency, 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 the St. Martin, Iberia, Lafayette Community Action Agency, 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 the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 16, 2019

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Financial Position
May 31, 2018

ASSETS

Current assets:	
Cash	\$ 904,909
Receivables:	
Grant funds	531,156
Prepaid expenses	<u>39,258</u>
Total current assets	1,475,323
Property and equipment (net)	<u>431,760</u>
Total assets	<u>\$1,907,083</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 148,724
Accrued salaries and related benefits	60,730
Current portion of notes payable	41,999
Retirement plan payable	53,936
Compensated absences	<u>23,915</u>
Total current liabilities	329,304
Long-term liabilities:	
Notes payable, less current portion	<u>95,733</u>
Total liabilities	<u>425,037</u>

NET ASSETS

Unrestricted	5,347
Temporarily restricted	<u>1,476,699</u>
Total net assets	<u>1,482,046</u>
Total liabilities and net assets	<u>\$1,907,083</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities
Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2018</u>	<u>Summarized 2017</u>
Revenues, gains, and other support:				
Public support -				
Donations	\$ 29	\$ 6,516	\$ 6,545	\$ 32,510
Grants from governmental agencies	4,662	6,844,478	6,849,140	17,854,876
Other revenue -				
Miscellaneous	206,474	314,932	521,406	168,987
Net assets released from restrictions -				
Restrictions satisfied by payments	7,062,327	(7,062,327)	-	-
Transfers between net asset classifications	<u>53,500</u>	<u>(53,500)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>7,326,992</u>	 <u>50,099</u>	 <u>7,377,091</u>	 <u>18,056,373</u>
Expenses and losses:				
Program services -				
Transportation	454,969	-	454,969	470,698
CSBG	952,864	-	952,864	1,118,184
Food Reimbursement	39,047	-	39,047	1,170,293
Shelter Fund	50	-	50	-
LYFE	6,895	-	6,895	-
Local Government Support	78,002	-	78,002	188,704
St. Martin Parish Emergency Assistance	12,947	-	12,947	5,074
Iberia Food & Medical	12,669	-	12,669	8,562
Lafayette Emergency Food & Shelter	-	-	-	26,466
Iberia Emergency Food & Shelter	9,000	-	9,000	-
Head Start	1,062,050	-	1,062,050	11,951,062
RSVP	48,653	-	48,653	51,603
Cookbook Fund	7,886	-	7,886	2,805
HUD	17,162	-	17,162	-
Home Energy Assistance	3,759,656	-	3,759,656	3,224,653
Computer Technology	1,552	-	1,552	1,553
EITC	<u>1,941</u>	<u>-</u>	<u>1,941</u>	<u>3,526</u>
 Total program services	 <u>6,465,343</u>	 <u>-</u>	 <u>6,465,343</u>	 <u>18,223,183</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Activities (Continued)
 Year Ended May 31, 2018
 With Summarized Financial Information for the Year Ended May 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2018</u>	<u>Summarized 2017</u>
Supporting services -				
General	282,656	-	282,656	91,109
Indirect Cost Pool	<u>255,177</u>	-	<u>255,177</u>	<u>52,678</u>
Total supporting services	<u>537,833</u>	-	<u>537,833</u>	<u>143,787</u>
Loss on disposals of equipment	<u>360,908</u>	-	<u>360,908</u>	-
Total expenses and losses	<u>7,364,084</u>	-	<u>7,364,084</u>	<u>18,366,970</u>
Change in net assets	(37,092)	50,099	13,007	(310,597)
Net assets, beginning of year	<u>42,439</u>	<u>1,426,600</u>	<u>1,469,039</u>	<u>1,779,636</u>
Net assets, end of year	<u>\$ 5,347</u>	<u>\$ 1,476,699</u>	<u>\$ 1,482,046</u>	<u>\$ 1,469,039</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Statement of Cash Flows
Year Ended May 31, 2018

Cash flows from operating activities:	
Change in net assets	<u>\$ 13,007</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	130,976
Loss on disposal of assets	360,908
(Increase) decrease in operating assets -	
Grant receivables	819,920
Prepaid expenses	125,729
Increase (decrease) in operating liabilities -	
Accounts payable	(236,964)
Accrued salaries and related benefits	(481,756)
Retirement plan payable	(756,987)
Compensated absences	<u>(96,305)</u>
Total adjustments	<u>(134,479)</u>
Net cash used in operating activities	(121,472)
Cash flows from investing activities:	
Purchase of property and equipment	(95,160)
Cash flows from financing activities:	
Payments on notes payable	<u>(42,641)</u>
Net decrease in cash and cash equivalents	(259,273)
Beginning cash and cash equivalents	<u>1,164,182</u>
Ending cash and cash equivalents	<u>\$ 904,909</u>
Supplemental disclosures:	
Cash paid during year for interest	<u>\$ 10,743</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The St. Martin, Iberia, Lafayette Community Action Agency, Inc. (SMILE) was created under the Economic Opportunity Act of 1964, as amended, to serve as the antipoverty agency, providing human services for the indigent and disadvantaged through research, planning, development, financing, implementation and evaluation of programs, either directly or through coordinating with other agencies, to attain social and economic independence for the benefit of all present and future generations of disadvantaged people in the Tri-Parish area. St. Martin, Iberia, Lafayette Community Action Agency, Inc. is comprised of eighteen board members, who are equal in numbers from the Community Action Councils of the St. Martin, Iberia, and Lafayette Parishes of Louisiana.

St. Martin, Iberia, Lafayette Community Action Agency, Inc. receives substantially all of its revenue from various Federal and State grant programs.

B. Basis of Accounting

The Agency's financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

C. Contributions and Other Support

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Those donor restricted contributions whose restrictions, however, are met in the same reporting period are reported as unrestricted support.

The Agency reports gifts of buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

E. Property and Equipment

Property and equipment is capitalized at cost. All federal program assets costing \$5,000 or more are capitalized and all state program assets costing \$250 or

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

more are capitalized. Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment has to be approved and the proceeds from the sale are restricted. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of assets as follows:

Computers	3 years
Furnitures, fixtures, and equipment	7-10 years
Automobiles	5 years
Buildings and improvements	15-20 years

F. Net assets and restrictions

Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions. Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds.

G. Functional Expenses

Expenses are charged to each program based on direct expenses incurred.

H. Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. Vacation and sick leave are accrued at a rate of four to six hours per pay period depending on number of years of service for a maximum of 156 hours. Unused time (up to 72 hours) can be carried over. However, time must be used within the first three months of the following year or it is lost. Upon separation from employment, an employee shall receive vacation pay for all unused vacation accrued. Employees are not paid for unused sick leave at the time of separation. At May 31, 2018, there is a liability reported in the financial statements for accrued compensated absences of \$23,915.

I. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

J. Use of Estimates

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

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

K. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's audited financial statements for the year ended May 31, 2017, from which the summarized information was derived.

L. Reclassifications

Certain items in the 2017 financial statements have been changed for comparability purposes with the 2018 financial statements.

(2) Concentration of Credit Risk

SMILE maintains cash balances (book balances) at five financial institutions totaling \$904,909. These deposits are stated at cost, which approximates market. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of May 31, 2018, the uninsured balance is \$430,644.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(3) Due To/From Other Funds

Individual balances due to/from other funds at May 31, 2018 are as follows. The following balances have been eliminated in the statement of financial position.

	<u>Due from other funds</u>	<u>Due to other funds</u>
Transportation	\$ 28,945	\$ 89,057
CSBG	66,174	270,501
Food Reimbursement	7,515	7,013
Shelter Fund	1,500	-
LYFE	-	5,695
Local Government Support	-	137,941
Iberia Food and Medical	94	2,486
Lafayette Food and Shelter	17,858	-
Head Start	645,367	-
RSVP	1,204	3,997
Cookbook Fund	18,295	12,368
HUD	-	17,162
Payroll Fund	334,962	335,960
Accounts Payable	173,972	134,127
Home Energy Assistance	20,407	83,953
General Fund	27,191	303,188
Indirect Cost Fund	106,696	44,568
EITC	-	1,766
Disaster Fund	-	398
	<u>\$ 1,450,180</u>	<u>\$ 1,450,180</u>

Of the amounts recorded as due to/from other funds in 2018, \$334,962 relates to payroll and \$173,972 relates to accounts payable.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(4) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at May 31, 2018:

Transportation	\$ 98,736
CSBG	119,836
Food Reimbursement	41,997
Shelter Fund	1,743
Local Government Support	67,007
St. Martin Parish Emergency Assistance	1,673
Iberia Parish Special Trust	157
Lafayette Emergency Food & Shelter	18,729
Iberia Emergency Food & Shelter	6,020
Headstart	940,229
Medicaid Enrollment	2,390
HUD	2,970
Home Energy Assistance	70,230
Indirect Cost Pool	68,999
Computer Technology	19,413
United Way	2,781
EITC	13,600
Pugh Family Trust	189
Subtotal	<u>\$ 1,476,699</u>

(5) Contingencies

A. Contingent Liabilities

There is no pending litigation against the St. Martin, Iberia, Lafayette Community Action Agency, Inc. as of May 31, 2018.

B. Grant Audits

SMILE, Inc. receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and SMILE, Inc. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect SMILE, Inc.'s financial position.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(6) Retirement Plan

Plan Description: The St. Martin, Iberia, Lafayette Community Action Agency, Inc. contributes to a defined contribution plan administered under a contract with Mutual of America. Mutual of America receives the plan contributions, maintains participants' individual accounts, offers the investment options and pays benefits to participants and their beneficiaries.

Funding Policy: The retirement plan covers all employees who have one year of service and are age eighteen or older. The Agency will contribute to the plan the amount determined by the Agency at its discretion. The Agency may choose not to contribute to the plan for a particular plan year. Participants can contribute any amount from 1% to 16% of their compensation each pay period provided that the participant does not contribute more than the maximum permitted by law. In the year ended May 31, 2017, the Board approved a contribution rate of 8.53%; whereas, in the year ended May 31, 2018, the Board approved a contribution rate of 3%. In addition, due to the loss of the Headstart program, salaries decreased significantly in the year ended May 31, 2018 as compared to the year ended May 31, 2017. The Agency contribution for the year ending May 31, 2018 was \$55,918.

(7) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants administered by the U.S. Department of Health and Human Services. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations.

(8) In-Kind Contributions

The Agency is allowed free use of certain facilities by landlords and receives donated services by individuals. In-kind contributions are valued at the fair market value of the rent or services donated on the date of donation. Fair market value of contributed services received by the RSVP program was \$11,365. The value of these services was not reflected in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(9) Property and Equipment

Property and equipment at May 31, 2018 consists of the following:

Furniture, fixtures and equipment	\$ 286,149
Automobiles	1,896,064
Buildings and improvements	1,080,422
Land	<u>28,800</u>
 Total	 3,291,435
 Less: Accumulated depreciation	 <u>(2,859,675)</u>
 Property and equipment, net	 <u>\$ 431,760</u>

Depreciation expense for the year ended May 31, 2018 was \$130,976.

(10) Notes Payable

The Agency's note payable balance consists of the following at May 31, 2018:

Note payable to Hibernia, original amount of \$500,000, due in monthly installments of \$4,449, which includes interest at a rate of 8.71 percent, maturing December 2021, secured by building.	<u>\$ 137,732</u>
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The following table is the maturity of the notes payable:

<u>Year ending May 31,</u>	<u>Amount</u>
2019	\$ 41,999
2020	45,807
2021	49,926
2022	-
2023	-
Total	<u>\$ 137,732</u>

The total amount of interest charged to expense for the year ended May 31, 2018 is \$10,743. It is the Agency's intent to use local funds to retire this debt each year.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(11) Line of Credit

The Agency has an available line of credit of \$100,000 as of May 31, 2018. The line is unsecured. Amounts borrowed under this agreement bear interest at a rate of 4.25% per annum. The balance outstanding on the line as of May 31, 2018 was \$0.

(12) Operating Leases

The Agency is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, therefore the results of these agreements are not reflected in property and equipment.

Rent expense for the year ended May 31, 2018 was \$155,653. The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of May 31, 2018:

<u>Year Ending May 31,</u>	<u>Amounts</u>
2019	\$ 42,186
2020	38,702
2021	29,603
2022	24,120
2023	<u>4,020</u>
Total minimum payments required	<u>\$ 138,631</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements (continued)

(13) ACT 706 - Compensation, Benefits, and Other Payments to Chief Executive Officer

A detail of compensation, benefits, and other payments paid to Christopher Williams, Chief Executive Officer, for the period of June 1, 2017 through May 31, 2018 follows:

Salary	\$ 69,538
Benefits - retirement	2,086
Car allowance	4,740
Per diem	818
Reimbursements	320
Registration fees	985
Conference travel	412
Housing	<u>1,656</u>
	<u>\$ 80,555</u>

(14) Subsequent Events

Subsequent events have been evaluated through January 16, 2019, the date of the financial statement issuance.

(15) Going Concern

In July of 2017, the Headstart program, which was one of SMILE's largest grant programs, was terminated by the grantor. In addition, there was employee turnover in a significant number of key positions within the Agency. These two events raised the issue of the ability of the Agency to continue as a going concern.

Management evaluated the conditions above as they relate to the ability of the Agency to meet its obligations and to continue as a going concern. The following were part of management's evaluation:

1. Management is continually evaluating costs and eliminating any unnecessary spending;
2. Management is pursuing other grants/funding sources to replace what has been lost; and
3. Management received notification of a renewal of a large grant program. The program is for the period October 2018 through September 2020 and the award amount is approximately \$1,000,000.

As a result of the above, management believes the Agency will be able to continue as a going concern.

SUPPLEMENTARY INFORMATION

SCHEDULE OF INDIVIDUAL FUNDS

DIRECT FEDERAL PROGRAMS

Department of Health and Human Services

Head Start Program/Early Childhood

The Head Start Program provides comprehensive early child development for disadvantaged pre-school children and their families. As part of this program, the grantee also operates a food program for qualifying students on a cost reimbursement basis through the United States Department of Agriculture.

Training and Technical Assistance Programs

This special grant provides for the training and certification of Head Start Program instructors.

Handicapped Program

This grant extends the Head Start Program to include handicapped children.

The Corporation for National Service

Retired Senior Volunteer Program (RSVP)

The purpose of this grant is to involve senior citizens in community participation projects.

Department of Education

The Community Technology Centers Program allows SMILE to provide computer technology classes to qualified individuals.

INDIRECT FEDERAL PROGRAMS

The Agency receives federal funds as the subgrantee of various departments of the State of Louisiana. The various state departments have the ultimate responsibility of reporting to the federal grantors.

Department of Labor

The Community Services Block Grant Program (CSBG) provides various direct program services to the needy and defrays a portion of the Agency's administrative costs.

Department of Education

The Child Care Feeding Program (Food Reimbursement) provides balanced meals to qualified children and adults in the Tri-Parish area Child Development Programs.

Emergency Food and Shelter National Board Program

This grant provides emergency food and shelter assistance to qualified individuals in the parishes of St. Martin, Iberia and Lafayette.

Department of Housing and Urban Development

Comprehensive Housing Counseling Grant Program provides counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management and literacy, and such other matters as may be appropriate to assist program clients in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership.

Department of Social Services

Low Income Home Energy Assistance Program - This program provides direct payments to home energy suppliers on behalf of eligible households.

Department of Social Services

Earned Income Tax Credit (EITC) Program - This program provides outreach and tax preparation services for low-income individuals and families.

Department of Health and Human Services

Medicaid Enrollment - This grant allows SMILE to offer outreach medicaid eligibility services to specific groups of individuals by assisting potential medicaid eligibles to complete an initial application for health care coverage and in some instances by assisting medicaid beneficiaries with the recertification process.

LOCAL PROGRAMS

The Agency receives grants from local governmental bodies and non-profit organizations.

Louisiana Youth for Excellence (LYFE)

To promote positive youth development and to build awareness of consequences for at-risk behaviors for today's vulnerable youth such as children in foster care, children in poverty, and children in juvenile detention centers.

Local Government Support (Matching Fund)

Programs that provide supplementary assistance for established programs or matching requirements for established programs.

St. Martin Parish Emergency Assistance

Funded by local contributions, this program provides emergency energy, rent and medical assistance to the qualified elderly of St. Martin Parish.

Iberia Food and Medical

Funded by United Way of Iberia and other local grants and contributions, this grant provides medical and food assistance on a one time basis to qualified individuals in Iberia Parish.

Disaster

Set up due to Hurricanes Katrina and Rita to assist evacuees seeking assistance with rental and utility deposits in order to relocate.

United Way

To target 30 low-income families in St. Martin Parish to educate them on finances and maintaining a saving account for emergencies.

Pugh Family Trust Grant/Community Foundation of Acadiana

To provide computer technology workshops and a resource center for disadvantaged individuals in St. Martin, Iberia and Lafayette Parishes. Workshops include Computer Basics, Internet Basics and MS Word for Beginners. Workshops enable participants to become computer literate so that they can have the skills necessary to achieve more independent living – use a computer, create a résumé, fill out an online job application, establish an email account, etc. The workshops are free to persons who are 200% below the federal poverty guidelines. Participants receive "Certificates of Completion" for each workshop.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position

May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	<u>Transportation</u>	<u>CSBG</u>	<u>Food Reimbursement</u>	<u>Shelter Fund</u>
ASSETS				
Current assets:				
Cash	\$ 10,630	\$ 36,242	\$ 41,590	\$ 243
Receivables:				
Grant funds	123,407	278,309	-	-
Due from other funds	28,945	66,174	7,515	1,500
Prepaid expenses	<u>1,088</u>	<u>31,087</u>	<u>-</u>	<u>-</u>
Total current assets	164,070	411,812	49,105	1,743
Property and equipment (net)	<u>30,933</u>	<u>664</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 195,003</u>	<u>\$ 412,476</u>	<u>\$ 49,105</u>	<u>\$ 1,743</u>
LIABILITIES				
Current liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Due to other funds	89,057	270,501	7,013	-
Accounts payable	3,875	3,936	-	-
Accrued salaries and related benefits	1,057	-	95	-
Current portion of notes payable	-	-	-	-
Retirement plan payable	-	-	-	-
Compensated absences	<u>2,278</u>	<u>18,203</u>	<u>-</u>	<u>-</u>
Total current liabilities	96,267	292,640	7,108	-
Long-term liabilities:				
Notes payable, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>96,267</u>	<u>292,640</u>	<u>7,108</u>	<u>-</u>
NET ASSETS				
Unrestricted	-	-	-	-
Temporarily restricted	<u>98,736</u>	<u>119,836</u>	<u>41,997</u>	<u>1,743</u>
Total net assets	<u>98,736</u>	<u>119,836</u>	<u>41,997</u>	<u>1,743</u>
Total liabilities and net assets	<u>\$ 195,003</u>	<u>\$ 412,476</u>	<u>\$ 49,105</u>	<u>\$ 1,743</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	LYFE	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance	Iberia Food & Medical	Iberia Parish Special Trust
ASSETS					
Current assets:					
Cash	\$ -	\$ 54,410	\$ 1,673	\$ 1,404	\$ 157
Receivables:					
Grant funds	6,607	-	-	431	-
Due from other funds	-	-	-	94	-
Prepaid expenses	-	3,698	-	-	-
Total current assets	<u>6,607</u>	<u>58,108</u>	<u>1,673</u>	<u>1,929</u>	<u>157</u>
Property and equipment (net)	-	146,920	-	-	-
Total assets	<u>\$ 6,607</u>	<u>\$ 205,028</u>	<u>\$ 1,673</u>	<u>\$ 1,929</u>	<u>\$ 157</u>
LIABILITIES					
Current liabilities:					
Bank overdraft	\$ 200	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,695	137,941	-	2,486	-
Accounts payable	1,000	80	-	-	-
Accrued salaries and related benefits	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Retirement plan payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total current liabilities	<u>6,895</u>	<u>138,021</u>	<u>-</u>	<u>2,486</u>	<u>-</u>
Long-term liabilities:					
Notes payable, less current portion	-	-	-	-	-
Total liabilities	<u>6,895</u>	<u>138,021</u>	<u>-</u>	<u>2,486</u>	<u>-</u>
NET ASSETS					
Unrestricted	(288)	-	-	(557)	-
Temporarily restricted	-	67,007	1,673	-	157
Total net assets	<u>(288)</u>	<u>67,007</u>	<u>1,673</u>	<u>(557)</u>	<u>157</u>
Total liabilities and net assets	<u>\$ 6,607</u>	<u>\$ 205,028</u>	<u>\$ 1,673</u>	<u>\$ 1,929</u>	<u>\$ 157</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
 Year Ended May 31, 2018
 With Summarized Financial Information for the Year Ended May 31, 2017

	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter	Head Start	RSVP	Medicaid Enrollment	Cookbook Fund
ASSETS						
Current assets:						
Cash	\$ 871	\$ 6,020	\$ 210,533	\$ -	\$ 2,390	\$ 4,388
Receivables:						
Grant funds	-	-	3,384	-	-	-
Due from other funds	17,858	-	645,367	1,204	-	18,295
Prepaid expenses	-	-	1,746	870	-	-
Total current assets	18,729	6,020	861,030	2,074	2,390	22,683
Property and equipment (net)	-	-	83,869	-	-	-
Total assets	\$ 18,729	\$ 6,020	\$ 944,899	\$ 2,074	\$ 2,390	\$ 22,683
LIABILITIES						
Current liabilities:						
Bank overdraft	\$ -	\$ -	\$ -	\$ 6,175	\$ -	\$ -
Due to other funds	-	-	-	3,997	-	12,368
Accounts payable	-	-	1,416	112	-	1,473
Accrued salaries and related benefits	-	-	3,254	878	-	-
Current portion of notes payable	-	-	-	-	-	-
Retirement plan payable	-	-	-	-	-	-
Compensated absences	-	-	-	1,282	-	-
Total current liabilities	-	-	4,670	12,444	-	13,841
Long-term liabilities:						
Notes payable, less current portion	-	-	-	-	-	-
Total liabilities	-	-	4,670	12,444	-	13,841
NET ASSETS						
Unrestricted	-	-	-	(10,370)	-	8,842
Temporarily restricted	18,729	6,020	940,229	-	2,390	-
Total net assets	18,729	6,020	940,229	(10,370)	2,390	8,842
Total liabilities and net assets	\$ 18,729	\$ 6,020	\$ 944,899	\$ 2,074	\$ 2,390	\$ 22,683

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	<u>HUD</u>	<u>Payroll</u>	<u>Accounts Payable</u>	<u>Home Energy Assistance</u>	<u>General</u>
ASSETS					
Current assets:					
Cash	\$ 20,132	\$ 109,832	\$ -	\$ 130,840	\$ 281,619
Receivables:					
Grant funds	-	-	-	112,512	-
Due from other funds	-	334,962	173,972	20,407	27,191
Prepaid expenses	-	-	-	1,740	4,786
Total current assets	<u>20,132</u>	<u>444,794</u>	<u>173,972</u>	<u>265,499</u>	<u>313,596</u>
Property and equipment (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,714</u>
Total assets	<u>\$ 20,132</u>	<u>\$ 444,794</u>	<u>\$ 173,972</u>	<u>\$ 265,499</u>	<u>\$ 473,310</u>
LIABILITIES					
Current liabilities:					
Bank overdraft	\$ -	\$ -	\$ 36,539	\$ -	\$ -
Due to other funds	17,162	335,960	134,127	83,953	303,188
Accounts payable	-	-	3,306	108,485	24,504
Accrued salaries and related benefits	-	54,898	-	679	166
Current portion of notes payable	-	-	-	-	41,999
Retirement plan payable	-	53,936	-	-	-
Compensated absences	-	-	-	2,152	-
Total current liabilities	<u>17,162</u>	<u>444,794</u>	<u>173,972</u>	<u>195,269</u>	<u>369,857</u>
Long-term liabilities:					
Notes payable, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,733</u>
Total liabilities	<u>17,162</u>	<u>444,794</u>	<u>173,972</u>	<u>195,269</u>	<u>465,590</u>
NET ASSETS					
Unrestricted	-	-	-	-	7,720
Temporarily restricted	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>70,230</u>	<u>-</u>
Total net assets	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>70,230</u>	<u>7,720</u>
Total liabilities and net assets	<u>\$ 20,132</u>	<u>\$ 444,794</u>	<u>\$ 173,972</u>	<u>\$ 265,499</u>	<u>\$ 473,310</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)
 Year Ended May 31, 2018
 With Summarized Financial Information for the Year Ended May 31, 2017

	Indirect Cost Pool	Computer Technology	United Way	EITC	Disaster	Pugh Family Trust
ASSETS						
Current assets:						
Cash	\$ 7,692	\$ 13,882	\$ 2,781	\$ 9,907	\$ 398	\$ 189
Receivables:						
Grant funds	1,047	-	-	5,459	-	-
Due from other funds	106,696	-	-	-	-	-
Prepaid expenses	<u>17,716</u>	-	-	-	-	-
Total current assets	133,151	13,882	2,781	15,366	398	189
Property and equipment (net)	<u>4,129</u>	<u>5,531</u>	-	-	-	-
Total assets	<u>\$ 137,280</u>	<u>\$ 19,413</u>	<u>\$ 2,781</u>	<u>\$ 15,366</u>	<u>\$ 398</u>	<u>\$ 189</u>
LIABILITIES						
Current liabilities:						
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,568	-	-	1,766	398	-
Accounts payable	537	-	-	-	-	-
Accrued salaries and related benefits	23,176	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-
Retirement plan payable	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Total current liabilities	68,281	-	-	1,766	398	-
Long-term liabilities:						
Notes payable, less current portion	-	-	-	-	-	-
Total liabilities	<u>68,281</u>	-	-	<u>1,766</u>	<u>398</u>	-
NET ASSETS						
Unrestricted	-	-	-	-	-	-
Temporarily restricted	68,999	19,413	2,781	13,600	-	189
Total net assets	<u>68,999</u>	<u>19,413</u>	<u>2,781</u>	<u>13,600</u>	-	<u>189</u>
Total liabilities and net assets	<u>\$ 137,280</u>	<u>\$ 19,413</u>	<u>\$ 2,781</u>	<u>\$ 15,366</u>	<u>\$ 398</u>	<u>\$ 189</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Financial Position (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	Total	Eliminating Entries	Totals	
			2018	2017
ASSETS				
Current assets:				
Cash	\$ 947,823	\$ (42,914)	\$ 904,909	\$ 1,164,182
Receivables:				
Grant funds	531,156	-	531,156	1,351,076
Due from other funds	1,450,180	(1,450,180)	-	-
Prepaid expenses	62,731	(23,473)	39,258	164,987
Total current assets	2,991,890	(1,516,567)	1,475,323	2,680,245
Property and equipment (net)	431,760	-	431,760	828,484
Total assets	<u>\$ 3,423,650</u>	<u>\$ (1,516,567)</u>	<u>\$ 1,907,083</u>	<u>\$ 3,508,729</u>
LIABILITIES				
Current liabilities:				
Bank overdraft	\$ 42,914	\$ (42,914)	\$ -	\$ -
Due to other funds	1,450,180	(1,450,180)	-	-
Accounts payable	148,724	-	148,724	385,688
Accrued salaries and related benefits	84,203	(23,473)	60,730	542,486
Current portion of notes payable	41,999	-	41,999	38,508
Retirement plan payable	53,936	-	53,936	810,923
Compensated absences	23,915	-	23,915	120,220
Total current liabilities	1,845,871	(1,516,567)	329,304	1,897,825
Long-term liabilities:				
Notes payable, less current portion	95,733	-	95,733	141,865
Total liabilities	<u>1,941,604</u>	<u>(1,516,567)</u>	<u>425,037</u>	<u>2,039,690</u>
NET ASSETS				
Unrestricted	5,347	-	5,347	42,439
Temporarily restricted	1,476,699	-	1,476,699	1,426,600
Total net assets	<u>1,482,046</u>	<u>-</u>	<u>1,482,046</u>	<u>1,469,039</u>
Total liabilities and net assets	<u>\$ 3,423,650</u>	<u>\$ (1,516,567)</u>	<u>\$ 1,907,083</u>	<u>\$ 3,508,729</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	<u>Transportation</u>	<u>CSBG</u>	<u>Food Reimbursement</u>	<u>Shelter Fund</u>
Revenues, gains, and other support:				
Public support -				
Donations	\$ 6,516	\$ -	\$ -	\$ -
Grants from governmental agencies	437,750	968,592	20,742	-
Other revenue -				
Miscellaneous	<u>4,129</u>	<u>43,853</u>	<u>150</u>	<u>-</u>
Total revenues, gains, and other support	<u>448,395</u>	<u>1,012,445</u>	<u>20,892</u>	<u>-</u>
Expenses and losses:				
Direct costs -				
Salaries and wages	186,993	655,280	18,157	-
Fringe benefits	17,540	55,200	1,377	-
Retirement plan	1,627	(96)	(3,732)	-
Depreciation	7,485	614	-	-
Contract services	2,112	34,232	-	-
Travel	356	5,277	-	-
Consumable supplies	1,436	8,050	2,511	-
Space costs	21,576	99,719	-	-
Repairs and maintenance	143,859	4,830	-	-
Operating services	48,884	83,418	18,746	-
Other	2,737	6,340	-	50
Interest expense	-	-	-	-
Indirect costs	<u>20,364</u>	<u>-</u>	<u>1,988</u>	<u>-</u>
Total expenses	454,969	952,864	39,047	50
Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>454,969</u>	<u>952,864</u>	<u>39,047</u>	<u>50</u>
Revenues, gains, and other support over (under) expenses and losses	<u>(6,574)</u>	<u>59,581</u>	<u>(18,155)</u>	<u>(50)</u>
Other increases (decreases) in net assets:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect cost transferred from programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other increases (decreases) in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(6,574)	59,581	(18,155)	(50)
Net assets, beginning of year	<u>105,310</u>	<u>60,255</u>	<u>60,152</u>	<u>1,793</u>
Net assets, end of year	<u>\$ 98,736</u>	<u>\$ 119,836</u>	<u>\$ 41,997</u>	<u>\$ 1,743</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	LYFE	Local Government Support (Matching Fund)	St. Martin Parish Emergency Assistance	Iberia Food & Medical	Iberia Parish Special Trust
Revenues, gains, and other support:					
Public support -					
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	6,607	37,826	8,546	8,870	-
Other revenue -					
Miscellaneous	-	68,332	-	-	-
Total revenues, gains, and other support	6,607	106,158	8,546	8,870	-
Expenses:					
Direct costs -					
Salaries and wages	560	-	-	-	-
Fringe benefits	43	-	-	-	-
Retirement plan	17	-	-	-	-
Depreciation	-	18,862	-	-	-
Contract services	1,350	-	-	-	-
Travel	-	-	-	-	-
Consumable supplies	1,038	40	-	-	-
Space costs	-	30,047	4,877	-	-
Repairs and maintenance	400	19,167	-	-	-
Operating services	17	9,844	7,103	12,442	-
Other	3,470	42	967	227	-
Interest expense	-	-	-	-	-
Indirect costs	-	-	-	-	-
Total expenses	6,895	78,002	12,947	12,669	-
Loss on disposal of fixed assets	-	-	-	-	-
Total expenses and losses					
Revenues, gains, and other support over (under) expenses and losses	(288)	28,156	(4,401)	(3,799)	-
Other increases (decreases) in net assets:					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Indirect cost transferred from programs	-	-	-	-	-
Total other increases (decreases) in net assets	-	-	-	-	-
Change in net assets	(288)	28,156	(4,401)	(3,799)	-
Net assets, beginning of year	-	38,851	6,074	3,242	157
Net assets, end of year	\$ (288)	\$ 67,007	\$ 1,673	\$ (557)	\$ 157

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)
 Year Ended May 31, 2018
 With Summarized Financial Information for the Year Ended May 31, 2017

	Lafayette Emergency Food & Shelter	Iberia Emergency Food & Shelter	Head Start	RSVP	Medicaid Enrollment	Cookbook Fund
Revenues, gains, and other support:						
Public support -						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29
Grants from governmental agencies	-	15,000	1,405,822	36,990	-	4,662
Other revenue -						
Miscellaneous	-	-	176,748	3,182	-	9,847
Total revenues, gains, and other support	-	15,000	1,582,570	40,172	-	14,538
Expenses:						
Direct costs -						
Salaries and wages	-	-	697,045	24,266	-	-
Fringe benefits	-	-	70,174	2,291	-	-
Retirement plan	-	-	(381,102)	707	-	-
Depreciation	-	-	71,709	-	-	64
Contract services	-	-	32,812	-	-	-
Travel	-	-	9,511	380	-	-
Consumable supplies	-	-	14,102	2,522	-	-
Space costs	-	-	110,961	5,266	-	-
Repairs and maintenance	-	-	46,702	145	-	-
Operating services	-	9,000	297,547	8,982	-	-
Other	-	-	784	1,502	-	7,822
Interest expense	-	-	-	-	-	-
Indirect costs	-	-	91,805	2,592	-	-
Total expenses	-	9,000	1,062,050	48,653	-	7,886
Loss on disposal of fixed assets	-	-	360,908	-	-	-
Total expenses and losses	-	9,000	1,422,958	48,653	-	7,886
Revenues, gains, and other support over (under) expenses and losses	-	6,000	159,612	(8,481)	-	6,652
Other increases (decreases) in net assets:						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(6,000)	-	-	-
Indirect cost transferred from programs	-	-	-	-	-	-
Total other increases (decreases) in net assets	-	-	(6,000)	-	-	-
Change in net assets	-	6,000	153,612	(8,481)	-	6,652
Net assets, beginning of year	18,729	20	786,617	(1,889)	2,390	2,190
Net assets, end of year	\$ 18,729	\$ 6,020	\$ 940,229	\$ (10,370)	\$ 2,390	\$ 8,842

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	HUD	Payroll	Accounts Payable	Home Energy Assistance	General
Revenues, gains, and other support:					
Public support -					
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	20,132	-	-	3,872,142	-
Other revenue -					
Miscellaneous	-	-	-	15,167	196,627
Total revenues, gains, and other support	<u>20,132</u>	<u>-</u>	<u>-</u>	<u>3,887,309</u>	<u>196,627</u>
Expenses:					
Direct costs -					
Salaries and wages	2,619	-	-	113,772	200
Fringe benefits	393	-	-	10,332	15
Retirement plan	-	-	-	1,160	6
Depreciation	-	-	-	-	28,140
Contract services	14,150	-	-	28,620	143,661
Travel	-	-	-	-	2,906
Consumable supplies	-	-	-	5,586	3,945
Space costs	-	-	-	22,329	9,052
Repairs and maintenance	-	-	-	376	1,008
Operating services	-	-	-	3,577,481	19,635
Other	-	-	-	-	63,345
Interest expense	-	-	-	-	10,743
Indirect costs	-	-	-	-	-
Total expenses	<u>17,162</u>	<u>-</u>	<u>-</u>	<u>3,759,656</u>	<u>282,656</u>
Loss on disposal of fixed assets	-	-	-	-	-
Total expenses and losses	<u>17,162</u>	<u>-</u>	<u>-</u>	<u>3,759,656</u>	<u>282,656</u>
Revenues, gains, and other support over (under) expenses and losses	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>127,653</u>	<u>(86,029)</u>
Other increases (decreases) in net assets:					
Operating transfers in	-	-	-	-	53,500
Operating transfers out	-	-	-	(115,000)	-
Indirect cost transferred from programs	-	-	-	-	-
Total other increases (decreases) in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>	<u>53,500</u>
Change in net assets	2,970	-	-	12,653	(32,529)
Net assets, beginning of year	-	-	-	57,577	40,249
Net assets, end of year	<u>\$ 2,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,230</u>	<u>\$ 7,720</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)
 Year Ended May 31, 2018
 With Summarized Financial Information for the Year Ended May 31, 2017

	Indirect Cost Pool	Computer Technology	United Way	EITC	Disaster	Pugh Family Trust
Revenues, gains, and other support:						
Public support -						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from governmental agencies	-	-	-	5,459	-	-
Other revenue -						
Miscellaneous	<u>3,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,371</u>	<u>-</u>	<u>-</u>	<u>5,459</u>	<u>-</u>	<u>-</u>
Expenses:						
Direct costs -						
Salaries and wages	115,665	-	-	-	-	-
Fringe benefits	10,234	-	-	-	-	-
Retirement plan	(3,221)	-	-	-	-	-
Depreciation	2,550	1,552	-	-	-	-
Contract services	91,088	-	-	-	-	-
Travel	10,753	-	-	-	-	-
Consumable supplies	9,985	-	-	1,941	-	-
Space costs	23,324	-	-	-	-	-
Repairs and maintenance	13,798	-	-	-	-	-
Operating services	73,611	-	-	-	-	-
Other	18,335	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Indirect costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>366,122</u>	<u>1,552</u>	<u>-</u>	<u>1,941</u>	<u>-</u>	<u>-</u>
Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>366,122</u>	<u>1,552</u>	<u>-</u>	<u>1,941</u>	<u>-</u>	<u>-</u>
Revenues, gains, and other support over (under) expenses and losses	<u>(362,751)</u>	<u>(1,552)</u>	<u>-</u>	<u>3,518</u>	<u>-</u>	<u>-</u>
Other increases (decreases) in net assets:						
Operating transfers in	115,000	-	-	-	-	-
Operating transfers out	(47,500)	-	-	-	-	-
Indirect cost transferred from programs	<u>110,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other increases (decreases) in net assets	<u>178,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(184,306)	(1,552)	-	3,518	-	-
Net assets, beginning of year	<u>253,305</u>	<u>20,965</u>	<u>2,781</u>	<u>10,082</u>	<u>-</u>	<u>189</u>
Net assets, end of year	<u>\$ 68,999</u>	<u>\$ 19,413</u>	<u>\$ 2,781</u>	<u>\$ 13,600</u>	<u>\$ -</u>	<u>\$ 189</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Combining Statement of Activities (Continued)

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	Total	Eliminating Entries	Totals	
			2018	2017
Revenues, gains, and other support:				
Public support -				
Donations	\$ 6,545	\$ -	\$ 6,545	\$ 32,510
Grants from governmental agencies	6,849,140	-	6,849,140	17,854,876
Other revenue -				
Miscellaneous	521,406	-	521,406	168,987
Total revenues, gains, and other support	<u>7,377,091</u>	<u>-</u>	<u>7,377,091</u>	<u>18,056,373</u>
Expenses:				
Direct costs -				
Salaries and wages	1,814,557	-	1,814,557	8,646,981
Fringe benefits	167,599	-	167,599	1,202,683
Retirement plan	(384,634)	-	(384,634)	715,544
Depreciation	130,976	-	130,976	261,882
Contract services	348,025	-	348,025	272,444
Travel	29,183	-	29,183	109,963
Consumable supplies	51,156	-	51,156	366,118
Space costs	327,151	-	327,151	915,531
Repairs and maintenance	230,285	-	230,285	603,675
Operating services	4,166,710	-	4,166,710	5,093,203
Other	105,621	-	105,621	169,270
Interest expense	10,743	-	10,743	9,676
Indirect costs	116,749	-	116,749	819,604
Total expenses	<u>7,114,121</u>	<u>-</u>	<u>7,114,121</u>	<u>19,186,574</u>
Loss on disposal of fixed assets	<u>360,908</u>	<u>-</u>	<u>360,908</u>	<u>-</u>
Total expenses and losses	<u>7,475,029</u>	<u>-</u>	<u>7,475,029</u>	<u>19,186,574</u>
Revenues, gains, and other support over (under) expenses and losses	<u>(97,938)</u>	<u>-</u>	<u>(97,938)</u>	<u>(1,130,201)</u>
Other increases (decreases) in net assets:				
Operating transfers in	168,500	-	168,500	373,378
Operating transfers out	(168,500)	-	(168,500)	(373,378)
Indirect cost transferred from programs	110,945	-	110,945	819,604
Total other increases (decreases) in net assets	<u>110,945</u>	<u>-</u>	<u>110,945</u>	<u>819,604</u>
Change in net assets	13,007	-	13,007	(310,597)
Net assets, beginning of year	<u>1,469,039</u>	<u>-</u>	<u>1,469,039</u>	<u>1,779,636</u>
Net assets, end of year	<u>\$ 1,482,046</u>	<u>\$ -</u>	<u>\$ 1,482,046</u>	<u>\$ 1,469,039</u>

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Indirect Cost Pool
 Statements of Revenue and Expenses
 Years Ended May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Indirect cost revenues	\$ <u>110,945</u>	\$ <u>819,604</u>
Expenses:		
Direct costs -		
Salaries and wages	115,665	334,249
Fringe benefits	10,234	29,196
Retirement expense	(3,221)	11,320
Depreciation	2,550	2,824
Contract services	67	550
Travel	10,753	20,774
Consumable supplies	2,470	2,876
Repairs and maintenance	10,227	20,856
Other	17,199	91,106
Operating services -		
Copy machine expense	17,090	22,856
Auto expenses	10,224	10,025
Professional fees	91,021	187,877
Rent	5,685	15,000
Utilities and telephone	17,639	31,387
Office supplies	7,515	17,674
Publications and subscriptions	1,136	4,699
Insurance - general	24,811	8,017
Employee development	<u>25,057</u>	<u>60,997</u>
Total expenses	<u>366,122</u>	<u>872,283</u>
Deficiency of revenues over expenses	<u>\$ (255,177)</u>	<u>\$ (52,679)</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

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

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 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 January 16, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin, Iberia, Lafayette Community Action Agency, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2018-002.

St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s Response to Findings

The St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s response to findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. 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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 16, 2019

Champagne & Company, LLC

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

To the Board of Directors
St. Martin, Iberia, Lafayette
Community Action Agency, Inc.
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs for the year ended May 31, 2018. St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the St. Martin, Iberia, Lafayette Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2018.

Report on Internal Control Over Compliance

Management of the St. Martin, Iberia, Lafayette Community Action Agency, 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 the St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Martin, Iberia, Lafayette Community Action Agency, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-003, 2018-004, and 2018-005 that we consider to be material weaknesses.

The St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings, questioned costs and management's corrective action plan. The St. Martin, Iberia, Lafayette Community

Action Agency, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. 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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 16, 2019

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Passed through Louisiana Department of Education - Child and Adult Care Food Program	10.558	**	\$ <u>20,742</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Louisiana Department of Children & Family Services/ Iberia Parish Government - Emergency Solutions Grant	14.231	**	1,575
Passed through Louisiana Department of Children & Family Services/St. Martin Parish Consolidated Government - Emergency Solutions Grant	14.231	**	<u>19,000</u>
Total Emergency Solutions Grant			<u>20,575</u>
Supplemental Comprehensive Housing Counseling Grant Program	14.900	**	<u>17,161</u>
Total Department of Housing and Urban Development			<u>37,736</u>
<u>Department of Transportation</u>			
Passed through Louisiana Department of Transportation and Rural Development/ Iberia Parish Government - Formula Grants for Rural Areas	20.509	**	<u>209,310</u>
<u>The Corporation for National Service</u>			
Direct Program: Retired and Senior Volunteer Program	94.002	**	<u>36,990</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	**	<u>23,058</u>

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Expenditures of Federal Awards (continued)
Year Ended May 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start *	93.600	-	<u>1,405,822</u>
Passed through Louisiana Housing Finance Agency/ Louisiana Housing Corporation - Low-Income Home Energy Assistance*	93.568	**	<u>3,759,655</u>
Passed through Louisiana Workforce Commission - Community Service Block Grant *	93.569	2017N0024 & 2018N0024	<u>968,592</u>
Total Department of Health and Human Services			<u>6,134,069</u>
Total expenditures of federal awards			<u>\$ 6,461,905</u>

* Major federal financial assistance programs.

** Not readily available.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2018

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. The St. Martin, Iberia, Lafayette Community Action Agency, Inc. reporting entity is defined in Note 1 to the financial statements for the year ended May 31, 2018. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. Head Start, Low-Income Home Energy Assistance, and Community Service Block Grant programs were considered major federal programs for the St. Martin, Iberia, Lafayette Community Action Agency, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Martin, Iberia, Lafayette Community Action Agency, Inc. and is presented on the accrual basis of accounting. 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).

(3) Indirect cost rate

St. Martin, Iberia, Lafayette Community Action Agency, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the Schedule of Expenditures of Federal Awards to total expenses per statement of activities is as follows:

Total expenses and losses per statement of activities (unrestricted)	\$ 7,003,176
Less: Depreciation	(130,976)
Non-federal expenses	<u>(410,295)</u>
Total expenditures per schedule of federal awards	<u>\$ 6,461,905</u>

The depreciation expense in the amount of \$130,976 relates to federal programs but are not considered to be federal expenditures.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs
Year Ended May 31, 2018

Part I: Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of St. Martin, Iberia, Lafayette Community Action Agency, Inc.
2. A material weakness in internal control was disclosed by the audit of the financial statements.
3. One instance of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed by the audit of the financial statements.
4. Three material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion on all major programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance are reported in the accompanying schedule of findings, questioned costs and management's corrective action plan.
7. The major programs were:
 - U. S. Department of Health and Human Services: Head Start, CFDA 93.600
 - U.S. Department of Health and Human Services: Community Service Block Grant, CFDA 93.569
 - U.S. Department of Health and Human Services: Low-Income Home Energy Assistance, CFDA 93.568
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 2018

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Findings

See internal control finding 2018-001 on the accompanying schedule of current and prior year audit findings and management's corrective action plan.

B. Compliance Findings

See compliance finding 2018-002 on the accompanying schedule of current and prior year audit findings and management's corrective action plan.

C. Management Letter Items

There are no findings that are required to be reported at May 31, 2018.

Part III: Findings and questioned costs for Major Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

See internal control findings 2018-003, 2018-004, and 2018-005 on the accompanying schedule of current and prior year audit findings and management's corrective action plan.

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended May 31, 2018

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

I. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Over Financial Reporting

2018-001 – Inadequate Supervision and Review; Year Initially Occurred – 05/31/2017

CONDITION: Applicant files for services are not being reviewed timely.

CRITERIA: Internal controls should be in place that provide reasonable assurance that applications for services are reviewed and approved by supervisory personnel before payments are made, making sure there are adequate calculations and determination of eligibility and appropriate support and documentation.

CAUSE: There are inconsistencies in the supervisory review process. Some applicant files are reviewed after payments have already been made and some applicant files have no notation of review.

EFFECT: Failure to require supervisory review prior to disbursement of grant funds could result in miscalculations of income not being caught and the possibility exists that an applicant may receive assistance even though he/she is ineligible for assistance.

RECOMMENDATION: Management has made significant improvements to controls to ensure that there is timely review of applicant files prior to payments being made. We recommend that management continue to strengthen the controls to ensure that all files are being reviewed prior to disbursement. In addition, we recommend that management continue to monitor these files and review applications prior to disbursement.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Craig A. Mathews, Chief Executive Officer, Mrs. Irma Bourgeois, Director of Field Operations, and Mr. Joe Gregory, Quality Control/Special Projects Manager are currently devising a policy and appropriate procedures in order to ensure all applicant files are reviewed and approved by first Quality Control/Special Projects Manager, then approved by supervisor prior to payment being made. Moreover, all client files will be reviewed/checked again at least once per month in order to produce a monthly assessment report for department and employee evaluation/performance appraisal documentation and accountability. All staff and supervisors will be held accountable and subject to corrective action for any errors noted during the internal monitoring of client files. This plan was implemented on November 1, 2018.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2018

B. Compliance

2018-002 – Noncompliance with Louisiana Revised Statute (LSA-R.S.) 24:513; Year Initially Occurred – 05/31/2018

CONDITION: St. Martin, Iberia, Lafayette Community Action Agency, Inc.'s audit was not completed within six months of the close of the entity's fiscal year.

CRITERIA: Louisiana Revised Statute (LSA-R.S.) 24:513 requires a local auditee to be audited or reviewed by a licensed certified public accountant provided that such audit or review is performed in accordance with generally accepted governmental auditing standards and the Louisiana Governmental Audit Guide. Such audits shall be completed within six months of the close of the entity's fiscal year.

CAUSE: This condition resulted because the St. Martin, Iberia, Lafayette Community Action Agency, Inc. did not have such audit completed within six months of the close of the fiscal year.

EFFECT: This condition represents a violation of Louisiana Revised Statute (LSA-R.S.) 24:513 which requires a local auditee to be audited by a licensed certified public accountant within six months of the close of the entity's fiscal year.

RECOMMENDATION: St. Martin, Iberia, Lafayette Community Action Agency, Inc. should ensure that the entity's audit will be completed within six months of the close of the entity's fiscal year in future years.

MANAGEMENT'S CORRECTIVE ACTION PLAN: St. Martin, Iberia, Lafayette Community Action Agency, Inc. has endured a major internal transition over the last one and half years, as well as is currently overcoming pretty significant challenges as the Agency continues to actively provide quality services to its constituency and mitigate any and all threats to organization and program integrity. To this end, the Agency is aggressively nearing the end of its annual audit for fiscal year ended May 31, 2018. With its regular due date for submission to the Louisiana Legislative Auditor having already been exceeded (November 30, 2018), the Agency requested two separate 30-day extensions and received approval for both, making the extended due date January 31, 2019.

In its intent to be fully transparent, forthcoming, and responsible, the Agency has already notified its funding partner agencies in advance of this shortfall. Moreover, the Agency wants to ensure that its team is working tirelessly and simultaneously to integrate measures

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2018

that will prevent these delays in future submissions. However, due to the multiple abrupt changes in administrative and fiscal support personnel that occurred over the last several months, it was a daunting set of tasks to meet the demands of the audit firm timely enough to prevent this miscarriage from becoming the Agency's fate. Going forward, the Agency has already set parameters in place for its fiscal department personnel, under the leadership of its Chief Financial Officer, Ms. Chantelle Joseph, to manage financial records and files in a manner that will make it much easier to provide necessary reporting data to its audit team on a time schedule that is conducive for completing the audit report in future years in a more reasonable timeline.

C. Management Letter Items

There are no findings at May 31, 2018.

II. Findings and questioned costs which are required to be reported for Major Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

A. Internal Control Over Compliance

2018-003 – Inadequate Supervision and Review; Year Initially Occurred – 05/31/2017

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation

Finding 2018-001 also applies to this grant (see page 46).

2018-004 – Inadequate Controls over Applicant Eligibility; Year Initially Occurred – 05/31/2018

- CFDA 93.569 Community Services Block Grant / Louisiana Workforce Commission

CONDITION: During testing of eligibility, miscalculations were noted when recalculating income for three applicants. All three applicants were still eligible for services based on corrected calculations. In addition, there was inadequate documentation for an amount paid on an applicant's behalf.

CRITERIA: Community Services Block Grant participants must meet a minimum criterion in order to be eligible to receive assistance. Payments for assistance should be supported by actual bills, invoices, or proper documentation of amount due from vendor.

CAUSE: Annual income calculations for purposes of eligibility determinations were not adequately calculated, supported, and reviewed.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2018

EFFECT: With regards to the miscalculations and inadequate support, the possibility exists that an applicant may receive assistance even though he/she is ineligible for assistance.

RECOMMENDATION: Management needs to implement controls to ensure that staff personnel are adequately trained, and that determination of eligibility calculations are done properly, files have appropriate documentation, and files are reviewed thoroughly.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Craig A. Mathews, Chief Executive Officer and Mrs. Freddia Ruffin-Robertson, Human Resources Director have devised a staff training and development module to cross train all staff on the complete application process for all client related programs with relevant forms and income and other eligibility guidelines for staff to utilize as a reference when conducting client interviews and completing applications. Unfortunately, some staff are becoming confused and mixing various program guidelines when completing applications, resulting in miscalculations. There will also be a checklist for each program outlining specific program criteria that each staff is required to utilize when interviewing any and all clients. This staff training and development module will be implemented through mandatory semi-annual in-service trainings, the first of which occurred on Friday, December 21, 2018.

2018-005 – Inadequate Controls over Applicant Eligibility; Year Initially Occurred – 05/31/2018

- CFDA 93.568 Low-Income Home Energy Assistance / Louisiana Housing Finance Agency/Louisiana Housing Corporation

CONDITION: During testing of eligibility, miscalculations were noted when recalculating electricity costs for two applicants. Both applicants were still eligible for services based on corrected calculations.

CRITERIA: Low-Income Home Energy Assistance Program's criteria for energy cost is the energy bill must be for the month of application or any prior month in the previous six-month period. The energy cost should not include any assessment fees, installment payments, previous balances, NSF fees, or levelized charges.

CAUSE: Electricity cost calculations for purposes of benefits were not adequately calculated and reviewed.

EFFECT: With regards to the miscalculations, the possibility exists that an applicant may receive assistance even though he/she is ineligible for assistance.

RECOMMENDATION: Management needs to implement controls to ensure that staff personnel are adequately trained and that electricity cost calculations are done properly and are reviewed thoroughly.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management's Corrective Action Plan for 2018-004 also applies to this finding.

B. Compliance

There are no findings at May 31, 2018.

C. Management Letter Items

There are no findings at May 31, 2018.

Part II: Prior Year Findings

I. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Over Financial Reporting

2017-001 – Inadequate Supervision and Review

CONDITION: Applicant files for services are not being reviewed timely.

RECOMMENDATION: Management needs to implement policies and controls to ensure that there is timely review of applicant files prior to payments being made.

CURRENT STATUS: Unresolved. See item 2018-001.

B. Compliance

There were no findings that were required to be reported.

C. Management Letter Items

There was one finding related to Open Meetings Law that was required to be reported at May 31, 2017.

CURRENT STATUS: Resolved.

(continued)

ST. MARTIN, IBERIA, LAFAYETTE COMMUNITY ACTION AGENCY, INC.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended May 31, 2018

II. Findings and questioned costs for Federal Awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

A. Internal Control Over Compliance

2017-002 – Inadequate Supervision and Review

- CFDA 93.569 Community Services Block Grant / Louisiana Workforce Commission

Finding 2017-001 also applies to this grant.

CURRENT STATUS: Unresolved. See item 2018-003.



SMILE Community Action Agency

– Serving St. Martin, Iberia and Lafayette Parishes –

Craig A. Mathews
Chief Executive Officer

SMILE Board Officers

Marlon Lewis
President

Mary Batiste
Vice-President

Geri Brown
Secretary

Vonda LeBlanc
Treasurer

Vacant
Parliamentarian

January 16, 2019

Louisiana Workforce Commission
1001 North 23rd Street
Post Office 94094
Baton Rouge, LA 70804-9094

Louisiana Housing Finance Agency/
Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

St. Martin, Iberia, Lafayette Community Action Agency, Inc. respectfully submits the following corrective action plan for the year ending May 31, 2018.

Independent public accounting firm:

Champagne & Company, LLC
P.O. Box 250
Breux Bridge, LA 70517

Audit period: Fiscal year ending May 31, 2018

The findings from the May 31, 2018 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Internal Control Over Financial Reporting

2018-001 Inadequate Supervision and Review

Recommendation: Management has made significant improvements to controls to ensure that there is timely review of applicant files prior to payments being made. We recommend that management continue to strengthen the controls to ensure that all files

(337) 234-3272
www.smilecaa.org

P.O. Box 3343, Lafayette, LA 70502
501 St. John Street

TDD 711
Fax (337) 234-3274

are being reviewed prior to disbursement. In addition, we recommend that management continue to monitor these files and review applications prior to disbursement.

Action Taken: Mr. Craig A. Mathews, Chief Executive Officer, Mrs. Irma Bourgeois, Director of Field Operations, and Mr. Joe Gregory, Quality Control/Special Projects Manager are currently devising a policy and appropriate procedures in order to ensure all applicant files are reviewed and approved by first Quality Control/Special Projects Manager, then approved by supervisor prior to payment being made. Moreover, all client files will be reviewed/checked again at least once per month in order to produce a monthly assessment report for department and employee evaluation/performance appraisal documentation and accountability. All staff and supervisors will be held accountable and subject to corrective action for any errors noted during the internal monitoring of client files. This plan was implemented on November 1, 2018.

Compliance

2018-002 Noncompliance with Louisiana Revised Statute (LSA-R.S.) 24:513

Recommendation: St. Martin, Iberia, Lafayette Community Action Agency, Inc. should ensure that the entity's audit will be completed within six months of the close of the entity's fiscal year in future years.

Action Taken: St. Martin, Iberia, Lafayette Community Action Agency, Inc. has endured a major internal transition over the last one and half years, as well as is currently overcoming pretty significant challenges as we continue to actively provide quality services to our constituency and mitigate any and all threats to organization and program integrity. To this end, we are aggressively nearing the end of our annual audit for fiscal year ending May 31, 2018. With our regular due date for submission to the Louisiana Legislative Auditor having already been exceeded (November 30, 2018), we have requested two separate 30-day Extensions and received approval for both, making the extended due date January 31, 2019.

In our intent to be fully transparent, forthcoming, and responsible we have already notified our funding partner agencies in advance of this shortfall. Moreover, we want to ensure you that our team is working tirelessly and simultaneously to integrate measures that will prevent these delays in future submissions. However, due to the multiple abrupt changes in administrative and fiscal support personnel that occurred over the last several months, it was a daunting set of tasks to meet the demands of the audit firm timely enough to prevent this miscarriage from becoming our fate. Going forward, we have already set parameters in place for our fiscal department personnel, under the leadership of our Chief Financial Officer Chantelle Joseph, to manage financial records and files in a manner that will make it much easier to provide necessary reporting data to our audit team on a time schedule that is conducive for completing the audit report in future years in a more reasonable timeline.

Findings – Federal Award Programs Audit

Material Weakness

2018-003 CFDA 93.568 Low-Income Home Energy Assistance Grant

See Finding 2018-001

2018-004 Inadequate Controls over Applicant Eligibility - CFDA 93.569
Community Services Block Grant

Recommendation: Management needs to implement controls to ensure that staff personnel are adequately trained, and that determination of eligibility calculations are done properly, files have appropriate documentation, and files are reviewed thoroughly.

Action Taken: Mr. Craig A. Mathews, Chief Executive Officer and Mrs. Freddia Ruffin-Robertson, Human Resources Director have devised a staff training and development module to cross train all staff on the complete application process for all client related programs with relevant forms and income and other eligibility guidelines for staff to utilize as a reference when conducting client interviews and completing applications. Unfortunately, some staff are becoming confused and mixing various program guidelines when completing applications, resulting in miscalculations. There will also be a checklist for each program outlining specific program criteria that each staff is required to utilize when interviewing any and all clients. This staff training and development module will be implemented through mandatory semi-annual in-service trainings, the first of which occurred on Friday, December 21, 2018.

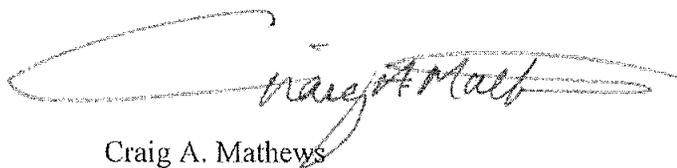
2018-005 Inadequate Controls Over Applicant Eligibility - CFDA 93.568 Low-Income Home Energy Assistance Grant

Recommendation: Management needs to implement controls to ensure that staff personnel are adequately trained and that electricity cost calculations are done properly and are reviewed thoroughly.

Action Taken: The action taken for 2018-004 also applies to this finding.

If the Louisiana Workforce Commission and/or the Louisiana Housing Finance Agency/Louisiana Housing Corporation have questions regarding this plan, please call Craig A. Mathews, Chief Executive Officer, at 337-234-3272.

Sincerely yours,



Craig A. Mathews
Chief Executive Officer

**ST. MARTIN, IBERIA, LAFAYETTE
COMMUNITY ACTION AGENCY, INC.**
Statewide Agreed-upon Procedures Report

Year Ended May 31, 2018

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA*
Penny Angelle Scruggins, CPA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

113 East Bridge Street
PO Box 250
Breaux Bridge, LA 70517
Phone: (337) 332-4020
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*A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of St. Martin, Iberia, Lafayette Community Action Agency, Inc. (SMILE) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of SMILE 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 June 1, 2017 through May 31, 2018. SMILE's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was performed 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

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written policies and procedures were obtained and address the functions noted above.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

There are no written policies and procedures pertaining to Contracts.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were obtained and address the functions noted above except for (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.

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

There are no written policies and procedures pertaining to Debt Service.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the board/finance committee for the fiscal period noting that the board met monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and majorspecial revenue funds, as well as monthly financial statements (or budget-to actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable (not a governmental entity).

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations had no evidence of management/board member review.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the 5 bank reconciliations tested, one did not have evidence of research for items outstanding for more than 12 months.

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).

Obtained listing of deposit sites and management's representation that 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 :

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

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

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). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

One transaction did not have sequentially pre-numbered receipts.

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

No exceptions noted.

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

No exceptions noted.

- 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).

Of the 10 deposit dates tested, 5 of the deposits were not made within one business day of receipt, and there was one deposit without underlying receipts (see 7a). Therefore, cannot verify that deposit was done within one business day.

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

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Listing of locations and management's representation that the listing is complete was obtained.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of active credit cards, bank debit cards, fuel cards, and P-cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Of 5 cards tested, none had evidence of review/approval by someone other than the card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Of the 14 credit card transactions tested, 2 did not have an original itemized receipt, documentation of the business/public purpose, or documentation of the individuals participating in meals.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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 or general ledger 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.
None of the contracts tested were subject to Louisiana Public Bid Law.
 - 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).
No exceptions noted.
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
No amendments noted.
 - 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.
No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Listing of employees and management's representation that the listing is complete was obtained.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and;
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.
No exceptions noted.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
No exceptions noted.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.

Of the two employees tested for termination payments, both pay rates agreed to the amounts paid out; however, no cumulative leave record was provided to confirm the amount paid out was indeed the correct cumulative leave amount that the two employees had accumulated.

19. Obtain management's representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted except for Q3 and Q4 2017 941 forms filed past the deadline. Also, there were occasions where payroll taxes were paid late.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Of the 5 employees tested, only one employee completed the ethics training during the fiscal year.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

None of employees tested had signatory verification that employee read/agreed to ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No bonds/notes were issued during the current fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

All scheduled debt service payments were made, and there were no debt covenants for the note.

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 asserted that the entity did not have any misappropriations 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.

Required notice was not posted on the entity's premises and/or website.

We were not engaged to, and did not conduct, an audit 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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
January 16, 2019

SMILE

Agreed upon Procedures Findings Response

5/31/2018

Written Policies & Procedures

1f. A policy and set of procedures will be created pertaining to contracts including: types of services requiring contracts, standard terms and conditions, legal review, approval process, and monitoring of contracts for compliance with terms and conditions as outlined in such contracts.

1i. A signature form will be added to the Ethics Policy stating that the employee has read and understands the Ethics policy. The signed form will be placed in personnel file of each employee.

1j. A policy and procedure will be created and adopted by the Board of Directors regarding the issuance of debt, reflecting whom is authorized to incur indebtedness on behalf of the organization and the amounts of such indebtedness allowable.

Bank Reconciliations

3b. A process will be implemented requiring Management to review and initial all bank reconciliations.

3c. Outstanding items will be reviewed monthly to insure that items are not outstanding pass four months.

Cash Collections

7a. Incoming correspondence/mail process will be modified to reflect routing all incoming revenue (e.g. checks) to management immediately upon receipt, after a copy has been made and stamped with received date, and CFO will make deposit within one business day.

7d. A policy and set of procedures will be created pertaining to Transportation Department collection of fees for services including: fee schedule, collection of funds, cash receipts issued, documentation (including but not limited to client sign-in logs, transaction receipts, bank deposit slips, etc.) turned in to local office and fiscal department, deposits, reconciliation, timeframe, and monitoring of collection of fees for compliance as outlined in transportation department collection policy.

Credit Cards

12a. Credit card statements are currently presented and reviewed monthly by Finance Committee Members during Finance Committee Meeting and approved in the Board Meeting under the Finance Committee Report. The credit card statements are currently being placed in the Finance Committee and Board Members packet each month. The CFO will start initialing the credit card statements once the agency receives the statements and then forward to CEO for review and initial, as well.

13. All receipts and written documentation (when required) will be collected when credit card is logged back in by person who logged card out.

Payroll & Personnel

18. No amount will be paid out without cumulative records.

19. 941 payments will be made no later than one day after payroll is issued. 941 forms will be made timely

Ethics

20a. SMILE-CAA has put in place an annual ethics training week for all employees. Each employee will have to complete the ethics training during the assigned period annually and a copy of the completed certificate will be maintained in employees personnel file.

20b. A signature form will be added to the Ethics Policy stating that the employee has read and understands the Ethics policy. The signed form will be placed in personnel file.

Other

24. "Fight Fraud" notice has been posted on premises and is being added to website.