

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2018

L.A. CHAMPAGNE 
Certified Public Accountants

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Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE

Alvin J. Callais, CPA

Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Capital Area Agency on Aging - District II, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Area Agency on Aging - District II, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, description of programs on pages 16 through 18, the detailed schedule of program activities on page 19, the schedule of changes in fixed assets on page 20, and the schedule of compensation, benefits, and other payments to Agency heads on page 22 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 21, 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 November 20, 2018, on our consideration of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and compliance.

J. A. Champagne & Co., LLP

*Baton Rouge, Louisiana
November 20, 2018*

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
STATEMENTS OF FINANCIAL POSITION**
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 435,384	\$ 326,478
Receivables on funding contracts	58,381	81,203
Due from subcontractors	38,096	76,849
Other receivables	8,801	-
Prepaid expenses	14,477	7,645
	<u>555,139</u>	<u>492,175</u>
 FIXED ASSETS (NET)	 <u>5,055</u>	 <u>6,945</u>
	 <u><u>\$ 560,194</u></u>	 <u><u>\$ 499,120</u></u>
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 222,725	\$ 232,672
Due to subcontractors	176,389	156,663
Deferred revenue	-	5,000
Accrued compensated absences	26,367	36,077
	<u>425,481</u>	<u>430,412</u>
 NET ASSETS		
Unrestricted	(92,498)	(97,687)
Temporarily restricted	227,211	166,395
	<u>134,713</u>	<u>68,708</u>
	<u><u>\$ 560,194</u></u>	<u><u>\$ 499,120</u></u>

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Governor's Office of Elderly Affairs	\$ -	\$3,874,361	\$3,874,361	\$ -	\$3,899,499	\$3,899,499
Department of Insurance	-	13,750	13,750	-	11,999	11,999
Capital Area United Way	-	205,446	205,446	6,232	195,000	201,232
Local Support - Title IIIC-1/IIIC-2 Meals	-	817,967	817,967	-	766,084	766,084
Participant contributions	-	65	65	-	-	-
Other support and revenues	64,698	-	64,698	51,660	6,100	57,760
Interest income	181	-	181	637	-	637
	<u>64,879</u>	<u>4,911,589</u>	<u>4,976,468</u>	<u>58,529</u>	<u>4,878,682</u>	<u>4,937,211</u>
Net assets released from restrictions	4,850,773	(4,850,773)	-	4,836,816	(4,836,816)	-
	<u>4,915,652</u>	<u>60,816</u>	<u>4,976,468</u>	<u>4,895,345</u>	<u>41,866</u>	<u>4,937,211</u>
EXPENSES						
Grants and allocations	1,307,795	-	1,307,795	1,286,213	-	1,286,213
Functional expenses:						
Program services						
Title III-C-1 Congregate Meals	578,651	-	578,651	560,427	-	560,427
Title III-C-2 Home Delivered Meals	1,603,774	-	1,603,774	1,579,191	-	1,579,191
Title III-D Preventive Health	25,268	-	25,268	33,495	-	33,495
Title III-E Caregiver Support	452	-	452	290	-	290
Community Living Program	250	-	250	250	-	250
Aging and Disability Resource Center/SenioRx	186,340	-	186,340	184,276	-	184,276
Evidence-Based Wellness	16,671	-	16,671	30,166	-	30,166
LTC Ombudsman	225,437	-	225,437	227,264	-	227,264
DHH Single Point of Entry	800	-	800	800	-	800
Senior Community Services Employment Program	649,705	-	649,705	643,917	-	643,917

Continued

	2018			2017		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Medicare Enrollment Assistance Program (MIPPA)	2,910	-	2,910	2,929	-	2,929
CMS Research Demonstration & Evaluation (MIPPA)	2,540	-	2,540	3,003	-	3,003
MIPPA - SHIIP	4,125	-	4,125	3,318	-	3,318
Total program services	3,296,923	-	3,296,923	3,269,326	-	3,269,326
Fundraising	4,257	-	4,257	3,933	-	3,933
Management and general	301,488	-	301,488	323,912	-	323,912
Total functional expenses	3,602,668	-	3,602,668	3,597,171	-	3,597,171
Total expenses	4,910,463	-	4,910,463	4,883,384	-	4,883,384
Change in net assets before interfund transfers	5,189	60,816	66,005	11,961	41,866	53,827
Other financing sources (uses)						
Operating transfers	-	-	-	-	-	-
Change in net assets	5,189	60,816	66,005	11,961	41,866	53,827
Net assets - beginning of year	(97,687)	166,395	68,708	(109,648)	124,529	14,881
Net assets - end of year	<u>\$ (92,498)</u>	<u>\$ 227,211</u>	<u>\$ 134,713</u>	<u>\$ (97,687)</u>	<u>\$ 166,395</u>	<u>\$ 68,708</u>

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2018 and 2017

FY 2018

	Title III-C-1 - Congregate Meals	Title III-C-2 - Home Delivered Meals	Title III-D - Preventive Health	Title III-E Caregiver Support	Community Living Program	CMS Research Demonstrati- ons & Evaluations MIPPA - AAA	Medicare Enrollment Assistance Program - MIPPA - ADRC	Medicare Enrollment Assistance Program - MIPPA - SHIP
Catered Meals	\$ 578,651	\$ 1,603,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	-	-	11,185	249	-	2,113	2,423	2,324
Payroll Taxes	-	-	941	20	-	177	191	184
Benefits	-	-	1,208	28	-	250	241	232
Travel	-	-	385	155	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-	-
Equipment Maintenance	-	-	92	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-	-
Printing and Publications	-	-	1,258	-	-	-	54	-
Occupancy	-	-	2,143	-	-	-	-	1,384
Telephone	-	-	454	-	-	-	-	-
Software Licensing	-	-	242	-	-	-	-	-
Equipment rental	-	-	315	-	-	-	-	-
Insurance	-	-	272	-	-	-	-	-
Office Supplies	-	-	794	-	-	-	1	1
Conference and Training	-	-	-	-	-	-	-	-
Other Contractual Services	-	-	5,529	-	-	-	-	-
Accounting	-	-	450	-	-	-	-	-
Depreciation	-	-	-	-	250	-	-	-
Miscellaneous Expense	-	-	-	-	-	-	-	-
Total Functional Expenses	\$ 578,651	\$ 1,603,774	\$ 25,268	\$ 452	\$ 250	\$ 2,540	\$ 2,910	\$ 4,125

FY 2017

	Title III-C-1 - Congregate Meals	Title III-C-2 - Home Delivered Meals	Title III-D - Preventive Health	Title III-E Caregiver Support	Community Living Program	CMS Research Demonstrati- ons & Evaluations MIPPA - AAA	Medicare Enrollment Assistance Program - MIPPA - ADRC	Medicare Enrollment Assistance Program - MIPPA - SHIP
Catered Meals	\$ 560,427	\$ 1,579,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	-	-	21,035	246	-	1,913	1,913	2,152
Payroll Taxes	-	-	1,940	20	-	173	152	170
Benefits	-	-	1,819	24	-	94	191	154
Travel	-	-	1,977	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-	-
Equipment Maintenance	-	-	215	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-	-
Printing and Publications	-	-	-	-	-	-	-	-
Occupancy	-	-	3,952	-	-	748	748	842
Telephone	-	-	416	-	-	-	-	-
Software Licensing	-	-	121	-	-	-	-	-
Equipment rental	-	-	247	-	-	-	-	-
Insurance	-	-	293	-	-	-	-	-
Office Supplies	-	-	193	-	-	-	-	-
Conference and Training	-	-	475	-	-	-	-	-
Other Contractual Services	-	-	281	-	-	-	-	-
Accounting	-	-	450	-	-	-	-	-
Depreciation	-	-	-	-	250	-	-	-
Miscellaneous Expense	-	-	81	-	-	-	-	-
Total Functional Expenses	\$ 560,427	\$ 1,579,191	\$ 33,495	\$ 290	\$ 250	\$ 2,928	\$ 3,004	\$ 3,318

See accompanying notes to the financial statements

Aging and Disability Resource Center /SeniorRx	DHH - Single Point of Entry	Evidence-Based Wellness	Long Term Care Ombudsman Program	Senior Community Services Employment Program (SCSEP)	Total Program Services	Fundraising	Management and General	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,182,425	\$ 1,347	\$ -	\$ 2,183,772
127,443	-	7,552	148,382	568,914	870,585	-	179,104	1,049,689
11,107	-	852	12,497	44,035	70,004	-	14,943	84,947
11,723	-	530	26,990	9,805	51,007	-	15,485	66,492
2,428	-	548	22,318	4,466	30,300	-	5,743	36,043
-	-	-	-	-	-	-	770	770
-	-	-	-	-	-	-	1,172	1,172
585	-	145	46	1,168	2,036	-	327	2,363
2,731	-	-	7	2,767	5,505	-	1,279	6,784
1,325	-	313	468	790	4,208	-	632	4,840
10,503	-	3,318	2,078	6,373	25,799	-	28,258	54,057
3,566	-	377	4,275	1,125	9,797	-	4,583	14,380
4,527	-	-	50	123	4,942	-	3,742	8,684
1,461	-	350	236	1,125	3,487	-	962	4,449
2,139	-	296	1,899	1,429	6,035	-	1,956	7,991
2,198	-	718	1,703	2,449	7,864	-	3,993	11,857
621	-	-	-	505	1,126	-	2,525	3,651
2,040	-	1,072	1,480	1,231	11,352	-	15,100	26,452
1,500	-	600	3,000	3,400	8,950	-	8,550	17,500
443	800	-	-	-	1,493	-	398	1,891
-	-	-	8	-	8	2,910	11,966	14,884
<u>\$ 186,340</u>	<u>\$ 800</u>	<u>\$ 16,671</u>	<u>\$ 225,437</u>	<u>\$ 649,705</u>	<u>\$ 3,286,923</u>	<u>\$ 4,257</u>	<u>\$ 301,488</u>	<u>\$ 3,602,668</u>

Aging and Disability Resource Center /SeniorRx	DHH - Single Point of Entry	Evidence-Based Wellness	Long Term Care Ombudsman Program	Senior Community Services Employment Program (SCSEP)	Total Program Services	Fundraising	Management and General	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,139,618	\$ -	\$ -	\$ 2,139,618
125,646	-	19,558	148,383	559,817	880,663	-	205,499	1,086,162
10,833	-	1,826	12,672	43,943	71,729	-	16,566	88,295
12,869	-	1,948	25,169	13,202	55,470	-	19,042	74,512
1,333	-	676	21,701	4,335	30,022	-	6,569	36,591
156	-	-	-	-	156	-	75	231
-	-	-	-	-	-	-	1,100	1,100
552	-	174	116	955	2,012	-	327	2,339
3,529	-	-	70	1,955	5,554	-	2,542	8,096
1,906	-	-	1,758	242	3,906	-	206	4,112
9,546	-	2,304	3,090	6,360	27,590	-	26,468	54,058
3,131	-	390	4,052	1,489	9,478	-	4,907	14,385
4,583	-	-	1,003	993	6,700	-	4,783	11,483
1,310	-	877	339	761	3,534	-	806	4,340
2,104	-	265	1,948	1,423	6,033	-	1,930	7,963
2,044	-	498	2,056	3,435	8,226	-	4,003	12,229
-	-	-	215	40	730	-	993	1,723
2,792	-	581	1,692	1,482	6,828	-	13,465	20,293
1,500	-	450	3,000	3,400	8,800	-	8,000	16,800
442	800	-	-	-	1,492	-	398	1,890
-	-	619	-	85	785	3,933	6,233	10,951
<u>\$ 184,276</u>	<u>\$ 800</u>	<u>\$ 30,166</u>	<u>\$ 227,264</u>	<u>\$ 643,917</u>	<u>\$ 3,269,326</u>	<u>\$ 3,933</u>	<u>\$ 323,912</u>	<u>\$ 3,597,171</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 66,005	\$ 53,827
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,890	1,890
Decrease (increase) in:		
Receivables on funding contracts	22,822	(75,967)
Receivables from subcontractors and others	29,952	(35,340)
Prepaid expenses	(6,832)	287
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,947)	33,028
Payables to subcontractors	19,726	(51,338)
Deferred revenue	(5,000)	2,000
Accrued compensated absences	(9,710)	(6,755)
Net cash provided by (used in) operating activities	<u>108,906</u>	<u>(78,368)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	108,906	(78,368)
Cash - beginning of year	326,478	404,846
Cash - end of year	<u>\$ 435,384</u>	<u>\$ 326,478</u>

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING -DISTRICT II, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and reporting entity

Capital Area Agency on Aging-District II, Inc. (the Agency) is a non-profit entity incorporated in 1974 to ensure the availability of supportive, nutrition, and volunteer services to people aged 60 and older in the ten parishes surrounding the Baton Rouge capital area. It also serves as an advocate and provides leadership on behalf of the elderly. The Agency coordinates funding to the parish councils on aging and monitors their providing of services to older citizens.

Basis of accounting

The Agency prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards (FASB) Accounting Standards Codification (ASC). The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. At present, the Agency does not have any permanently restricted net assets.

Use of estimates

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expense recognition

Contributions, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Fixed assets and depreciation

Acquisitions of property and equipment amounting to \$1,000 or more are capitalized. Fixed assets are carried at cost less accumulated depreciation. The assets are depreciated for financial reporting purposes using the straight-line method over estimated useful lives of five to ten years. When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Donated services

No amounts have been reflected in the financial statements for donated services. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with its various program activities.

Cash

For the purpose of the statement of cash flows, the Agency considers all unrestricted cash and short-term savings to be cash.

Under the requirements of its grant funding from the State of Louisiana, the Agency must collateralize cash balances held in financial institutions that are in excess of federal deposit insurance. Such deposits are collateralized under a security pledge arrangement with the financial institution which meets the requirements of state law.

Prepaid expenses

The cost of insurance and other services for which benefits extend over more than one accounting period have been recorded as prepaid and are expensed in the period to which they apply.

Functional expenses

The cost of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management and general and fundraising based upon management's estimates.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policy

Budgets for the various programs are prepared by the Agency's Executive Director and approved by the Agency's Board of Directors and program grantors. Appropriations from the Governor's Office of Elderly Affairs under Federal Title III lapse at year end. Title IV and other federal appropriations lapse at the federal fiscal year end. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Agency may transfer funds between budgetary line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs with respect to funds received under contracts from that agency.

Receivables and bad debts

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

Annual and sick leave

Employees of the Agency are entitled to paid vacation, depending on the length of service. The Agency has recorded a liability for the unused vacation attributable to all eligible employees at the employee's current rate of pay. Because accrued sick leave lapses upon termination, no amount has been accrued.

Advertising costs

The Agency expenses advertising costs as incurred.

Income tax status

The Agency, a nonprofit corporation, is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

The Agency accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Agency may recognize the tax effect from an uncertain income tax positions only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Agency has evaluated its tax positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

B: RECEIVABLES ON FUNDING CONTRACTS

Receivables on funding contracts at June 30, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Governor's Office of Elderly Affairs:		
SCSEP Program	\$ 57,321	\$ 80,353
Title III-E Caregiver	-	30
Title III-D Health Facilitation	(2,425)	-
Medicare Enrollment Assistance Program	1,325	820
Department of Insurance:		
DOI - SHIP Outreach	2,160	-
	<u>\$ 58,381</u>	<u>\$ 81,203</u>

C: FIXED ASSETS

The following is a summary of fixed assets at cost, less accumulated depreciation:

	<u>2018</u>	<u>2017</u>
Computer and related equipment	\$ 11,701	\$ 11,701
Office equipment	19,968	19,968
Furniture and fixtures	3,421	3,421
	<u>35,090</u>	<u>35,090</u>
Less accumulated depreciation	(30,035)	(28,145)
	<u>\$ 5,055</u>	<u>\$ 6,945</u>

Depreciation expense was \$1,890 for the years ended 2018 and 2017.

D: BOARD OF DIRECTORS' COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of a per diem. Members of the Board are reimbursed for travel expenses. These reimbursements amounted to \$762 and \$573 in 2018 and 2017, respectively.

E: PENSION AND DEFERRED COMPENSATION PLANS

The Agency administers a defined contribution pension plan covering all employees with one year or more of service. Employer contributions amounting to 5% of an employee's salary are made annually and benefits are fully and immediately vested. Pension expense of \$23,559 and \$25,092 including administrative charges, is reported in fringe benefits for 2018 and 2017, respectively.

E: PENSION AND DEFERRED COMPENSATION PLANS (Continued)

The Agency also maintains a voluntary salary reduction tax deferred compensation plan for employees electing to participate. The Agency does not make any contributions to this plan.

F: LEASE COMMITMENTS

The Agency currently leases its office space under an operating lease that is on a month to month basis with monthly rent of \$4,505.

Lease expense was \$54,058 for the years ended 2018 and 2017.

G: INTER-PROGRAM TRANSFERS

Transfers in and out are listed by program type for the year ended June 30, 2018 and 2017:

Transfers In For:	Year ended June 30, 2018					
	Transfers Out From:					Total Transfers In
	United Way	N.S.I.P.	LTC	DOI - Ship	Local	
Area Agency Administration	\$ 71,154	\$ -	\$15,773	\$ -	\$ 4,050	\$ 90,977
Title III C-1	-	140,449	-	-	-	140,449
Title III C-2	93,350	337,184	-	-	-	430,534
Title III B	6,248	-	-	-	-	6,248
ADRC/SenioRx	-	-	-	7,581	-	7,581
Local	-	-	-	-	-	-
Other Unrestricted	-	-	-	-	-	-
Total Transfers Out	\$ 170,752	\$ 477,633	\$ 15,773	\$ 7,581	\$ 4,050	\$ 675,789

Transfers In For:	Year ended June 30, 2017					
	Transfers Out From:					Total Transfers In
	United Way	N.S.I.P.	LTC	Other Restricted	Local	
Area Agency Administration	\$ 74,498	\$ -	\$15,773	\$ 21,434	\$ 2,296	\$ 114,001
Title III C-1	-	135,311	-	-	-	135,311
Title III C-2	89,748	322,356	-	-	1,478	413,582
Title III B	5,093	-	-	-	-	5,093
ADRC/SenioRx	-	-	-	-	2,370	2,370
Local	-	-	-	2,370	77	2,447
Other Unrestricted	-	-	-	-	9,752	9,752
Total Transfers Out	\$ 169,339	\$ 457,667	\$ 15,773	\$ 23,804	\$ 15,973	\$ 682,556

H: ECONOMIC DEPENDENCY

The Agency receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and Louisiana state governments. If significant budget cuts are made at the federal and/or state level, the Agency's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Agency funding sources that will adversely affect operations in the next fiscal year.

The Agency receives support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Governor's Office of Elderly Affairs	78%	79%
Local Support - Title IIC-1/IIC-2 Meals	16%	16%

I: FEDERALLY ASSISTED AND OTHER GOVERNMENT PROGRAMS

Federal and state assistance programs represent an important source of funding for the Agency. The federal programs are audited annually in accordance with the Uniform Guidance. Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed costs. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified, and such repayments may be material to the financial statements.

J: SUBCONTRACTOR AUDITS

All Council on Aging subcontractors and certain other entities receiving funding from the Agency are responsible for having an independent audit performed in accordance with government auditing standards and, additionally, in accordance with the Single Audit Act if federal expenditures exceed specified thresholds.

K: NET ASSETS

Temporarily restricted net assets consist of funds designated by donors or grantors for specific purposes or programs and total \$227,211 and \$166,395 at June 30, 2018 and 2017, respectively.

K: NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Purpose restriction accomplished:		
Area Agency Administration	\$ 195,484	\$ 201,572
Title IIIB Supportive Services	596,167	599,600
Title IIIC Congregate and Home Delivered Meals	2,089,351	2,068,633
Title IIID Preventive Health	25,268	33,495
Title IIIE Caregiver Support	195,840	197,183
Long Term Care program	241,210	243,037
SCSEP Program	649,705	643,917
SenioRx / ADRC program	178,758	181,906
Senior Health Insurance program	7,581	12,000
Nutritional Services Incentive program	477,633	457,667
Medicare Enrollment Assistance	9,575	11,820
Capital Area United Way	177,471	176,058
Other programs	6,730	9,928
Total restrictions released	<u>\$ 4,850,773</u>	<u>\$ 4,836,816</u>

L: CONCENTRATIONS OF CREDIT RISK

The Agency maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation. At June 30, 2018 and 2017, collateral in the amount of \$203,152 and \$97,839, respectively, was provided to cover deposits in excess of federal insurance coverage, as required.

M: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in fiscal 2018 and 2017.

N: CONTINGENCIES

The Agency receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

O: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 20, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

DESCRIPTION OF PROGRAMS

Title III C-1 Area Agency Administration (AAA)

The Title III C-1 Area Agency Administration (AAA) Program accounts for the administration of the services provided to the elderly. Title III C-1 AAA funds are provided by the U.S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. These funds are used to pay the costs of administering programs.

Title III-B Program

The Title III-B Program is used to account for the support services, which include access services, in-home services, community services, and transportation for the elderly. Title III-B funds are provided by the U. S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging, which "passes through" the funds to the various service providers.

Title III C-1 Program

The Title III C-1 Program accounts for the revenues and expenditures of federal and state grants for congregate meals for the elderly in strategically located centers. These funds are provided in the same manner as Title III-B above.

Title III C-2 Program

Title III C-2 funds are used to provide nutritional meals to home-bound older persons. These funds are provided in the same manner as Title III-B above.

Title III-D Program

The Title III-D Program accounts for funds used to provide disease prevention and health promotion services. This includes wellness activities and medication management services. These funds are provided in the same manner as Title III-B above. A portion of the medication management services is provided directly by the Agency through medication management seminars.

Title III-E Program

The Title III-E Program accounts for funds which are used to provide various caregiver support services. These include public education, information and assistance; support groups, in-home respite care; material aid; personal care services and sitter services. These funds are provided in the same manner as Title III-B above.

United Way Program

The United Way Program is used to account for funds received from the Capital Area and other United Way organizations to supplement administrative costs, the home delivered meals program and a Personal Care Program.

Regional Office of LA Aging and Disability Resource Center (ADRC) and SenioRx

The Agency is designated by the Governor's Office of Elderly Affairs as the Aging and Disability Resource Center (ADRC) for a 13-parish area. The ADRC offers a "one-stop-shop" for public and private programs at the community level that will help individuals who are 60 years and older and individuals with adult onset disabilities. This program helps consumers find the answers and information needed to improve their health, independence and quality of life. The Louisiana Senior Prescription Drug Program, operating through the ADRC, links qualified low-income and disabled adults to free or discounted drugs directly from the pharmaceutical manufacturer.

N.S.I.P. Program

The Nutritional Services Incentive Program (N.S.I.P.) administered by the U.S. Department of Health and Human Service is used to account for the administration of Food Distribution Program funds, through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. This program reimburses the area agencies on a per unit basis for each congregate and home delivered meal served to an eligible participant so that U.S. food and commodities may be purchased to supplement these programs.

Utility Assistance Program

The Utility Assistance Program is used to account for the administration of programs sponsored by local utility companies who collect contributions from service customers and employees. These contributions and the utility companies' corporate donations are remitted to the Agency which "passes through" the funds to the various councils to provide assistance to the elderly with emergencies in the payment of energy costs.

Medicare Enrollment Assistance Program

The Medicare Enrollment Assistance Program is used to provide outreach to eligible Medicare beneficiaries regarding the benefits available under federal and state programs for older Americans. This program is also used to conduct research, demonstrations, and evaluations for high-quality health care at a reasonable cost. The program will focus on expanding agency efforts to improve the efficiency of payment, delivery, access and quality of our health care programs.

Evidence-Based Wellness

The Evidence-Based Wellness Program deploys evidence-based chronic disease self-management programs targeted at older adults with chronic conditions to maintain and improve their health status.

Title III B, Long Term Care Ombudsman Services

The Title III B, Long Term Care Ombudsman provides funding to design and implement programs for the provision of long-term care ombudsman services for individuals living in long-term care facilities.

Senior Community Services Employment Program

The Senior Community Service Employment Program is a community service and work-based job training program for older Americans. Authorized by the Older Americans Act, the program provides training for low-income, unemployed seniors. Participants also have access to employment assistance through American Job Centers.

Other Programs

Other grants and contributions may be used to support various programs as the need arises.

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
DETAILED SCHEDULE OF PROGRAM ACTIVITIES
For the year ended June 30, 2018

	UNRESTRICTED			TEMPORARILY RESTRICTED				
	LOCAL	Evidence-Based Wellness	TITLE III C-1 AAA	TITLE III-B	TITLE III C-1	TITLE III C-2	TITLE III-D	TITLE III-E
SUPPORT AND REVENUE								
Governmental:								
Federal and State grants passed through								
Governor's Office of Elderly Affairs	\$ -	\$ -	\$ 199,593	\$ 596,167	\$ 555,544	\$ 741,139	\$ 25,268	\$ 195,840
Department of Insurance	-	-	-	-	-	-	-	-
State of Louisiana	-	-	-	-	-	-	-	-
Governor's Office of Elderly Affairs	-	-	-	-	-	-	-	-
Other:								
Capital Area United Way	-	-	-	-	-	-	-	-
Annual fund raisers	27,447	-	-	-	-	-	-	-
Local support - meal programs	-	-	-	-	109,133	683,534	-	-
Other	13,571	18,111	-	-	-	-	-	25,365
	<u>41,018</u>	<u>18,111</u>	<u>199,593</u>	<u>596,167</u>	<u>664,677</u>	<u>1,424,673</u>	<u>25,268</u>	<u>221,205</u>
EXPENSES								
Administration:								
Salaries	-	7,552	183,213	-	-	-	11,185	249
Payroll tax and fringe benefits	-	1,382	30,428	-	-	-	2,149	48
Travel	-	548	5,743	-	-	-	385	155
Operating services	24	4,799	43,657	-	-	-	4,776	-
Operating supplies	2,316	718	1,676	-	-	-	794	-
Professional services	-	880	12,222	-	-	-	730	-
Other costs	9,654	792	13,631	-	-	-	5,249	-
Capital Outlay	-	-	-	-	-	-	-	-
	<u>11,994</u>	<u>16,671</u>	<u>290,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,268</u>	<u>452</u>
CATERED MEALS - MEALS PROGRAM								
Raw food	164	-	-	-	283,366	575,943	-	-
Labor and non-edibles	-	-	-	-	295,285	1,027,831	-	-
	<u>164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,651</u>	<u>1,603,774</u>	<u>-</u>	<u>-</u>
Contracted social services:								
Alzheimer's Services of Capital Area	-	-	-	-	-	-	-	21,687
Ascension Council on Aging, Inc.	-	-	-	62,549	20,515	27,065	-	1,800
Assumption Council on Aging, Inc.	-	-	-	47,841	24,508	12,674	-	1,875
E. Feliciana Council on Aging, Inc.	-	-	-	51,479	17,842	34,205	-	-
Home Instead Senior Care	-	-	-	-	-	-	-	60,798
Iberville Council on Aging, Inc.	-	-	-	56,462	30,041	20,768	-	-
Pointe Coupee Council on Aging, Inc.	-	-	-	57,542	33,979	9,958	-	2,625
St. Helena Council on Aging, Inc.	-	-	-	30,471	8,866	24,378	-	450
Southeast La. Legal Services Corp.	-	-	-	27,183	-	-	-	-
Tangipahoa Council on Aging, Inc.	-	-	-	121,595	54,538	57,419	-	150
Myers Corporation Care, LLC (Comfort Keepers)	-	-	-	12,164	-	-	-	96,683
Washington Council on Aging, Inc.	-	-	-	83,931	16,049	45,090	-	33,935
W. B. R. Council on Aging, Inc.	-	-	-	33,745	10,952	7,576	-	750
W. Feliciana Council on Aging, Inc.	-	-	-	17,453	9,185	12,300	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,415</u>	<u>226,475</u>	<u>251,433</u>	<u>-</u>	<u>220,753</u>
Total expenses	<u>12,158</u>	<u>16,671</u>	<u>290,570</u>	<u>602,415</u>	<u>805,126</u>	<u>1,855,207</u>	<u>25,268</u>	<u>221,205</u>
Change in net assets before interfund transfers	28,860	1,440	(90,977)	(6,248)	(140,449)	(430,534)	-	-
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	90,977	6,248	140,449	430,534	-	-
Operating transfers out	(4,050)	-	-	-	-	-	-	-
	<u>(4,050)</u>	<u>-</u>	<u>90,977</u>	<u>6,248</u>	<u>140,449</u>	<u>430,534</u>	<u>-</u>	<u>-</u>
Change in net assets	24,810	1,440	-	-	-	-	-	-
NET ASSETS								
Beginning of year	(132,200)	130	-	-	-	-	-	-
End of year	<u>\$ (107,390)</u>	<u>\$ 1,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Per instructions from OEA this schedule is prepared without consideration of compensated absences and reports capital outlay in lieu of depreciation expense

Aging and Disability Resource Center/SeniorRx	LTC Ombudsman	MIPPA Priority 2 AAA	MIPPA Priority 3 ADRC	MIPPA Priority 3 SHIP	Senior Community Services Empl Prog	NSIP	DOI - SHIP OUTREACH	UNITED WAY	UTILITY Assistance	OTHER	TOTAL
\$ -	\$ 245,180	\$ 2,540	\$ 2,910	\$ 4,125	\$ 648,981	\$ 476,403	\$ -	\$ -	\$ -	\$ -	\$ 3,693,690
-	-	-	-	-	-	-	13,750	-	-	-	13,750
180,671	-	-	-	-	-	-	-	-	-	-	180,671
-	-	-	-	-	-	-	-	205,446	-	-	205,446
-	-	-	-	-	-	-	-	-	-	-	27,447
-	-	-	-	-	-	-	-	-	-	-	792,667
-	-	-	-	-	-	-	-	-	-	5,750	62,797
<u>180,671</u>	<u>245,180</u>	<u>2,540</u>	<u>2,910</u>	<u>4,125</u>	<u>648,981</u>	<u>476,403</u>	<u>13,750</u>	<u>205,446</u>	<u>-</u>	<u>5,750</u>	<u>4,976,468</u>
129,798	152,352	2,113	2,423	2,324	568,190	-	-	-	-	-	1,059,399
22,830	39,487	427	432	416	53,840	-	-	-	-	-	151,439
2,428	22,318	-	-	1,384	4,466	-	-	-	-	-	37,427
26,837	9,059	-	54	-	14,900	-	-	-	-	-	104,106
2,198	1,703	-	1	1	2,449	-	-	-	-	-	11,856
3,540	4,480	-	-	-	4,548	-	-	-	-	-	26,400
621	8	-	-	-	588	-	-	-	-	6,729	37,272
-	-	-	-	-	-	-	-	-	-	-	-
<u>188,252</u>	<u>229,407</u>	<u>2,540</u>	<u>2,910</u>	<u>4,125</u>	<u>648,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,729</u>	<u>1,427,899</u>
-	-	-	-	-	-	-	-	-	-	-	859,473
-	-	-	-	-	-	-	-	-	-	-	1,323,116
-	-	-	-	-	-	-	-	-	-	-	2,182,589
-	-	-	-	-	-	-	-	-	-	-	21,687
-	-	-	-	-	-	-	-	-	-	-	111,929
-	-	-	-	-	-	-	-	-	-	-	86,898
-	-	-	-	-	-	-	-	-	-	-	103,526
-	-	-	-	-	-	-	-	-	-	-	60,798
-	-	-	-	-	-	-	-	-	-	-	107,271
-	-	-	-	-	-	-	-	6,719	-	-	110,823
-	-	-	-	-	-	-	-	-	-	-	64,165
-	-	-	-	-	-	-	-	-	-	-	27,183
-	-	-	-	-	-	-	-	-	-	-	233,702
-	-	-	-	-	-	-	-	-	-	-	108,847
-	-	-	-	-	-	-	-	-	-	-	179,005
-	-	-	-	-	-	-	-	-	-	-	53,023
-	-	-	-	-	-	-	-	-	-	-	38,938
-	-	-	-	-	-	-	-	6,719	-	-	1,307,795
<u>188,252</u>	<u>229,407</u>	<u>2,540</u>	<u>2,910</u>	<u>4,125</u>	<u>648,981</u>	<u>-</u>	<u>-</u>	<u>6,719</u>	<u>-</u>	<u>6,729</u>	<u>4,918,283</u>
(7,581)	15,773	-	-	-	-	476,403	13,750	198,727	-	(979)	58,185
7,581	-	-	-	-	-	-	-	-	-	-	675,789
-	(15,773)	-	-	-	-	(477,633)	(7,581)	(170,752)	-	-	(675,789)
<u>7,581</u>	<u>(15,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,633)</u>	<u>(7,581)</u>	<u>(170,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	(1,230)	6,169	27,975	-	(979)	58,185
-	-	-	-	-	-	165,097	1,500	25,174	14	38,128	97,843
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,867</u>	<u>\$ 7,669</u>	<u>\$ 53,149</u>	<u>\$ 14</u>	<u>\$ 37,149</u>	<u>\$ 156,028</u>

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF CHANGES IN FIXED ASSETS
June 30, 2018**

	Balance June 30, 2017	Reclassifications	Additions	Deletions	Balance June 30, 2018
FIXED ASSETS					
Computer and related equipment	\$ 11,701	\$ -	\$ -	\$ -	\$ 11,701
Office equipment	19,968	-	-	-	19,968
Furniture and fixtures	3,421	-	-	-	3,421
TOTAL FIXED ASSETS	\$ 35,090	\$ -	\$ -	\$ -	\$ 35,090
 INVESTMENT IN FIXED ASSETS					
Title III C-1 Area Agency Administration	\$ 3,421	\$ -	\$ -	\$ -	\$ 3,421
Louisiana ADRC/SenioRx	5,006	-	-	-	5,006
DHH Single Point of Entry (SPOE)	8,001	-	-	-	8,001
Community Living Program	2,500	-	-	-	2,500
Medicare Enrollment Assistance Program	2,581	-	-	-	2,581
Title III - LTC Ombudsman	2,465	-	-	-	2,465
Local	11,116	-	-	-	11,116
TOTAL INVESTMENT IN FIXED ASSETS	\$ 35,090	\$ -	\$ -	\$ -	\$ 35,090

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>	<u>TOTAL AMOUNT PROVIDED TO SUBRECIPIENTS</u>
U.S. Department of Health and Human Services				
Passed Through the Louisiana Governor's Office Of Elderly Affairs:				
Special Programs for the Aging:				
Title III, Part B Supportive Services	93.044	720220	\$ 394,875	\$ 394,875
Title III, Part C-Area Agency Administration	93.045	720220	149,695	-
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	720220	430,809	203,468
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	720220	284,112	109,895
Total Title III, Part C	93.045		<u>864,616</u>	
Nutritional Services Incentive Program	93.053	720102	477,633	-
Total Cluster			<u>1,737,124</u>	
Title III, Part B Ombudsman Long-Term Care Services	93.042	721581	191,397	-
Title III, Part D Disease Prevention and Health Promotion Services	93.043	720220	25,268	-
Title III, Part E Caregiver Support	93.052	720220	146,880	146,430
Medicare Enrollment Assistance Program (MIPPA)	93.071	726094	9,575	-
Department of Labor				
Title V Senior Community Services Employment Program	17.235	720220	584,083	-
Passed Through the Louisiana Department of Insurance:				
Center for Medicare and Medicaid Services	93.779	725542	13,750	-
			<u>\$ 2,708,077</u>	

Note A: This schedule is prepared using the accrual basis of accounting. This information 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). Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements.

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS**

June 30, 2018

Agency Head Name:

Shirley Merrick
Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 97,087
Benefits - insurance	1,136
Benefits - retirement	4,539
Travel	627

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE

Alvin J. Callais, CPA

Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

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

The Board of Directors

Capital Area Agency on Aging - District II, Inc.

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 Capital Area Agency on Aging – District II, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana R. S. 24:513, this report is distributed by the Legislative Auditor as a public document.

J. A. Champagne & Co, LLP

Baton Rouge, Louisiana

November 20, 2018

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE

Alvin J. Callais, CPA

Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

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

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

Report on Compliance for Each Major Federal Program

We have audited Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, Inc.'s major federal programs for the year ended June 30, 2018. Capital Area Agency on Aging - District II, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Capital Area Agency on Aging - District II, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Capital Area Agency on Aging - District II, 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 Capital Area Agency on Aging - District II, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Capital Area Agency on Aging - District II, 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

J. A. Champagne & Co., LLP

Baton Rouge, Louisiana

November 20, 2018

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Capital Area Agency on Aging - District II, Inc.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for Capital Area Agency on Aging - District II, Inc. expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Capital Area Agency on Aging - District II, Inc. are reported in Part C of this Schedule. There were no reportable findings.
7. A management letter was not issued.
8. The programs tested as a major program are as follows:
 - U. S. Department of Health and Human Services
 - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA# 93.044
 - Title III-C – Nutrition Services; CFDA# 93.045
 - N.S.I.P. – Nutrition Services Incentive Program; CFDA# 93.053
 - Title III-B – Ombudsman Long-Term Care Services
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. Capital Area Agency on Aging - District II, Inc. was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2018

STATEWIDE AGREED UPON PROCEDURES

L.A. CHAMPAGNE 
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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Directors

Capital Area Agency on Aging - District II, Inc.

We have performed the procedures enumerated below, which were agreed to by the Capital Area Agency on Aging – District II, Inc. (Agency) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Agency's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

1. 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.

Management provided a list of all active credit cards for the fiscal period and representation that the list was complete.

2. 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.]]

Obtained monthly statements and supporting documentation for selected cards and noted that there was evidence of review of the monthly statement and supporting documentation by someone other than the authorized card holder.

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

There were no finance charges or late fees on the credit card statements tested.

3. Using the monthly statements or combined statements selected under #1 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).

All credit card transactions selected for testing were supported by attributes 1 – 3 above.

Other

4. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.

5. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

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

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

L. A. Champagne & Co, LLP

*Baton Rouge, Louisiana
November 20, 2018*