

LINCOLN TOTAL COMMUNITY ACTION, INC.

RUSTON, LOUISIANA

FINANCIAL STATEMENTS

AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED

NOVEMBER 30, 2018

LINCOLN TOTAL COMMUNITY ACTION, INC.
NOVEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lincoln Total Community Action, Inc.
Ruston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln Total Community Action, Inc., which are comprised of the statement of financial position and the related statement of activities, schedule of functional expenses, and cash flows for the year ended November 30, 2018, 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 opinions 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Total Community Action, Inc., as of November 30, 2018, and the respective changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Expenditures of Federal Awards, 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* (Uniform Guidance), Statement of Expenditures - Budget and Actual, and the schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2019 on our consideration of Lincoln Total Community Action, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Lincoln Total Community Action, Inc.'s internal control over financial reporting and compliance.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
May 21, 2019

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
STATEMENT OF FINANCIAL POSITION
NOVEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash	294,371	
Accounts Receivable - Grants	144,085	
Accounts Receivable - Other	126	
Contributions Receivable - Restricted	<u>22,400</u>	

<u>TOTAL CURRENT ASSETS</u>		460,982
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FIXED ASSETS AND PROPERTY

Furniture, Buildings, and Equipment at Cost, Net	132,043	
Land	<u>5,000</u>	

<u>TOTAL FIXED ASSETS AND PROPERTY</u>		137,043
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<u>TOTAL ASSETS</u>		<u>598,025</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	124,300	
Advanced Fundings	<u>329</u>	

<u>TOTAL CURRENT LIABILITIES</u>		124,629
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NET ASSETS

Without Donor Restrictions	450,996	
With Donor Restrictions	<u>22,400</u>	

<u>TOTAL NET ASSETS</u>		<u>473,396</u>
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<u>TOTAL LIABILITIES AND NET ASSETS</u>		<u>598,025</u>
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The accompanying notes are an integral part of these financial statements.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>UNRESTRICTED</u>			
<u>SUPPORT AND REVENUE</u>			
Grants - HHS	2,278,693	-	2,278,693
Grants - USDA Food Program	233,870	-	233,870
Donations	188,626	22,400	211,026
Other Revenue	133,291	-	133,291
Release of Restriction	<u>12,720</u>	<u>(12,720)</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>2,847,200</u>	<u>9,680</u>	<u>2,856,880</u>
<u>EXPENSES</u>			
Program Services:			
Head Start (HHS)	2,120,383	-	2,120,383
USDA - Food Services	<u>216,020</u>	<u>-</u>	<u>216,020</u>
<u>TOTAL PROGRAM SERVICES</u>	<u>2,336,403</u>	<u>-0-</u>	<u>2,336,403</u>
<u>SUPPORT SERVICES</u>			
General and Administrative	<u>270,605</u>	<u>-</u>	<u>270,605</u>
<u>TOTAL SUPPORT SERVICES</u>	<u>270,605</u>	<u>-0-</u>	<u>270,605</u>
<u>FUND-RAISING</u>			
	<u>-</u>	<u>-</u>	<u>-0-</u>
<u>TOTAL FUND-RAISING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL EXPENSES</u>	<u>2,607,008</u>	<u>-0-</u>	<u>2,607,008</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	240,192	9,680	249,872
<u>CHANGES IN NET ASSETS</u>			
Loss on Asset Disposition	-	-	-0-
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>210,804</u>	<u>12,720</u>	<u>223,524</u>
<u>NET ASSETS - END OF YEAR</u>	<u>450,996</u>	<u>22,400</u>	<u>473,396</u>

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

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	249,872
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities:	
Depreciation	20,495
Disposition of Asset	181
(Increase) Decrease in:	
Accounts Receivable - Grants	(87,502)
Accounts Receivable - Other	50,061
Contributions Receivable - Restricted	(9,680)
Increase (Decrease) in Operating Liabilities -	
Accounts Payable	57,318
Advance Funding	<u>22</u>
 <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	 <u>280,767</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	(130,581)
 <u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	 <u>(130,581)</u>

<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>150,186</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>144,185</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>294,371</u>

SUPPLEMENTAL CASH BASIS DATA

Interest Paid	-0-
Income Taxes Paid	-0-

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

LINCOLN TOTAL COMMUNITY ACTION, INC.
 RUSTON, LOUISIANA
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED NOVEMBER 30, 2018

	Head Start <u>HHS</u>	USDA Food <u>Services</u>
Personnel	1,144,109	61,522
Fringe Benefits	442,307	20,995
Travel	-	-
Contractual	-	-
Operating Supplies	72,701	6,016
Other Costs	444,551	1,359
Food and Related Supplies	<u>-</u>	<u>124,475</u>
<u>TOTAL EXPENSES BEFORE DEPRECIATION</u>	2,103,668	214,367
<u>DEPRECIATION</u>	<u>16,715</u>	<u>1,653</u>
<u>TOTAL EXPENSES</u>	<u>2,120,383</u>	<u>216,020</u>

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

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2018

	<u>Total Program Services</u>	<u>General And Administrative</u>	<u>Total Expenses</u>
Personnel	1,205,631	169,146	1,374,777
Fringe Benefits	463,302	41,736	505,038
Travel	-	447	447
Contractual	-	10,560	10,560
Operating Supplies	78,717	34,464	113,181
Other Costs	445,910	12,125	458,035
Food and Related Supplies	<u>124,475</u>	<u>-</u>	<u>124,475</u>
 <u>TOTAL EXPENSES BEFORE DEPRECIATION</u>	 <u>2,318,035</u>	 <u>268,478</u>	 <u>2,586,513</u>
 <u>DEPRECIATION</u>	 <u>18,368</u>	 <u>2,127</u>	 <u>20,495</u>
 <u>TOTAL EXPENSES</u>	 <u>2,336,403</u>	 <u>270,605</u>	 <u>2,607,008</u>

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

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Statement of Presentation

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for non-profit organizations.

B. Organization

Lincoln Total Community Action, Inc., is a non-profit organization organized to promote and develop economic opportunities for the people of Lincoln Parish. The Agency is operated exclusively for charitable, educational, and scientific purposes. The Agency is not a component of any governmental organization.

C. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same year in which the contributions are recognized.

D. Method of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Budget Policy

Budgets for the various programs are prepared by the Agency's Executive Director and approved by grantor of the funds for each respective program. Budgets versus actual expenditures are presented in the supplementary data for each grant period ending during the year ended November 30, 2018.

F. Property and Equipment Accounting

Property and equipment acquired with the Agency funds are considered to be owned by the Agency while used in the program or in future authorized programs. However, funding sources have a revolutionary interest in these assets as well as the determination of use of any proceeds from the sale of these assets.

The Agency follows the practice of capitalizing at cost all expenditures for property and equipment in excess of \$500. Depreciation is computed on a straight-line basis over the estimated service lives of the assets. The following lives have been assigned to the fixed assets:

Computer Equipment and Vehicles	5 Years
Furniture, Fixtures and Equipment	7 Years
Buildings (Portable)	10 Years

Net values are computed as follows:

Computer Equipment and Vehicles	415,218
Furniture, Fixtures and Equipment	527,137
Buildings	102,988
Land	5,000
Less: Accumulated Depreciation	<u>(913,300)</u>
Net Value	<u>137,043</u>

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

G. Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has determined that fund-raising expenses are not material.

I. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Advertising Costs

Advertising costs are expensed as they are incurred. Advertising expenses for the year ended November 30, 2018 were \$-0-.

K. New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K. New Accounting Pronouncement (Continued)

about expenses and investment return. The Agency has adjusted the presentation of these statements accordingly.

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Agency receives its monies through various methods of funding. Most of the funds are received on a grant basis. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure. The Agency also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Agency also receives funds by contributions from both public and private sources.

The Agency receives a majority of its monies from federal and state agencies. If significant budget cuts are made at the federal or state level, it could have an adverse effect on the operations of the Agency.

The Agency operates the following programs:

Head Start Program - provides comprehensive early childhood development for disadvantaged pre-school children and their families.

USDA - Child and Adult Care Food Program - provides a food service program in coordination with the Head Start Program.

General Services - provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts Receivable - Grants at November 30, 2018 consists of reimbursements for expenses incurred under the various grant programs. The following list presents Accounts Receivable - Grants by fund at November 30, 2018.

Head Start	120,364
USDA	<u>23,721</u>
<u>Total</u>	<u>144,085</u>

Management has determined that the receivable for bad debts is not material. Uncollectible amounts for other promises to give are also expected to be insignificant. Receivables are written off when management deems them not collectible, and are reviewed for collectability monthly.

Accounts Receivable - Other consists of various refunds.

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - NON-CASH CONTRIBUTIONS:

The Agency received various non-cash contributions for the Head Start Program during the year from private and public sources. Current year contributions for Occupancy costs totaled \$159,861 and donated professional services totaled \$-0-, and have been reported as revenues, as these costs meet the criteria for recognition as contributions, and the offsetting expenses have been reported in the financial statements. The Agency also received donated services from volunteers which have not been recognized as revenue in the basic financial statements as these costs do not meet the criteria for recognition as contributions.

Donated services are recognized as contributions in accordance with professional standards (FASB ASC 958-605-25-16), if the services create or enhance a non-financial asset

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 5 - NON-CASH CONTRIBUTIONS: (Continued)

or require specialized skills, are provided by entities or persons possessing those skills and would need to be purchased if they were not donated.

Donated facilities are recognized as contributions in accordance with professional standards (FASB ASC 958-605-52-24) as the Agency receives free use of its facilities.

Included in the financial statements are net assets with donor restrictions in the amount of \$22,400. This restriction is related to a multi-year lease on the use of facilities by the Agency. Current year donor restricted revenue of \$22,400 relates to donated occupancy costs for future periods. During the year ended November 30, 2018, \$12,720 was reclassified to net assets without donor restrictions due to time restrictions being met. This restriction is related to use of facilities through January 25, 2019.

NOTE 6 - INCOME TAX STATUS:

The Agency, a non-profit corporation, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

NOTE 7 - CASH IN BANK:

All funds are in institutions insured by an agency of the federal government. The Agency has pledged securities to cover any uninsured cash balances.

NOTE 8 - UNEARNED INTEREST:

The various grants require cash to be placed in interest bearing accounts. The interest earned in these accounts must be returned to the funding agency or applied towards the grant award; however, Lincoln Total Community Action, Inc. is allowed to keep \$250 each grant year for administrative costs.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 9 - RELATED PARTY:

There were no related party transactions during the period ending November 30, 2018.

NOTE 10 - BASIS OF PRESENTATION:

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency and the board of directors.

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NOTE 11 - RETIREMENT:

The Agency maintains a 403b defined contribution retirement plan for its employees. The Agency contributes 5% of the participating employee's compensation to the retirement account. Retirement expense for the period ended November 30, 2018 was \$44,226.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 12 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Agency through May 21, 2019, the date the financial statements were available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 13 - UNCERTAIN TAX POSITIONS:

The Agency is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Agency's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2018, 2017, 2016, and 2015, are open for examination by various taxing authorities.

NOTE 14 - LEASES:

The Agency has a lease with Zion Traveler Baptist Church for the use of classrooms and a gymnasium. This lease is on a month-to-month basis with rent of \$1,500 per month.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets as of the balance sheet date of November 30, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NOVEMBER 30, 2018

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Financial Assets at November 30, 2018	460,982
Less those unavailable for general expenditure within one year, due to:	
Donor-restricted for future periods	<u>22,400</u>
Financial assets availability to meet cash needs for general expenditures, within one year	<u>438,582</u>

SUPPLEMENTARY FINANCIAL INFORMATION

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIODS ENDED DURING FISCAL YEAR NOVEMBER 30, 2018

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	Budgeted Over (Under) Actual <u>Expenditures</u>
<u>USDA FOOD SERVICES</u>			
FYE September 30, 2018			
Administrative	1,200	1,130	(70)
Labor Costs	101,757	83,829	(17,928)
Food Costs	192,714	112,502	(80,212)
Operating Supplies	16,500	5,622	(10,878)
Other	2,550	1,359	(1,191)
Travel	<u>-</u>	<u>-</u>	<u>-</u>
 <u>TOTALS</u>	 <u>314,721</u>	 <u>204,442</u>	 <u>(110,279)</u>

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED NOVEMBER 30, 2018

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements/ Expenditures</u>
Department of Agriculture State of Louisiana/ Department of Education Child Care Food Program	10.558	N/A	216,020
Department of Health and Human Services * Head Start	93.600	06CH7077-04-02	<u>2,278,693</u>
<u>Total Expenditures of Federal Awards</u>			<u>2,494,713</u>

* Major Federal Program

See accompanying Notes to Schedule of Expenditures of Federal Awards

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED NOVEMBER 30, 2018

NOTE A-BASIS OF PRESENTATION

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

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Lincoln Total Community Action, Inc. did not provide federal awards to subrecipients.

NOTE C-INDIRECT COST RATE

Lincoln Total Community Action, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

LINCOLN TOTAL COMMUNITY ACTION, INC.
 RUSTON, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 FOR THE PERIODS ENDED DURING FISCAL YEAR NOVEMBER 30, 2018

AGENCY HEAD NAME/TITLE: CLOTILL SMITH, EXECUTIVE DIRECTOR

<u>Purpose</u>	<u>Amount Paid with State Funds</u>
Salary	-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe) FICA	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other	-0-

COMPLIANCE REPORTS

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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CHARLES L. JOHNSON, JR., CPA
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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
Lincoln Total Community Action, Inc.
Ruston, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lincoln Total Community Action, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Total Community Action, 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 Lincoln Total Community Action, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Total Community Action, 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Lincoln Total Community Action, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is listed as item 2018-001.

Lincoln Total Community Action, Inc.'s Response to Findings

Lincoln Total Community Action, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lincoln Total Community Action, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
Monroe, Louisiana
May 21, 2019

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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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
Lincoln Total Community Action, Inc.
Ruston, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Lincoln Total Community Action, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lincoln Total Community Action, Inc.'s major federal program for the year ended November 30, 2018. Lincoln Total Community Action, Inc.'s major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln Total Community Action, 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 Lincoln Total Community Action, 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 Lincoln Total Community Action, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Lincoln Total Community Action, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended November 30, 2018.

Report on Internal Control Over Compliance

Management of Lincoln Total Community Action, 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 Lincoln Total Community Action, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 Lincoln Total Community Action, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is

a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
Monroe, Louisiana
May 21, 2019

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED NOVEMBER 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Lincoln Total Community Action, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of Lincoln Total Community Action, Inc.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Lincoln Total Community Action, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were: Department of Health and Human Services - Head Start, CFDA No. 93.600.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Lincoln Total Community Action, Inc. was determined to be a low-risk auditee.

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control

There were no findings or questioned costs for internal control for the year ended November 30, 2018.

Compliance

2018-001

Finding: The audit was not submitted to the Legislative Auditor within six months of the Organization's fiscal year end.

Criteria: The audit is required to be submitted to the Legislative Auditor within six months of the Organization's fiscal year end.

Cause: There was an administrative error made when submitting to the auditor.

Effect: The audit was not timely submitted to the Legislative Auditor.

Recommendation: Procedures should be implemented to ensure the audit is filed timely.

Reply: Management agrees with this finding.

SECTION III - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
HEAD START, ONLY MAJOR PROGRAM

There were no findings or questioned costs for the year ended November 30, 2018.

LINCOLN TOTAL COMMUNITY ACTION, INC.

1400 OAKDALE
RUSTON, LOUISIANA 71270

CORRECTIVE ACTION PLAN FOR FEDERAL AWARD FINDINGS - CURRENT YEAR

Not Applicable

LINCOLN TOTAL COMMUNITY ACTION, INC.
RUSTON, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
NOVEMBER 30, 2018

SECTION I - Internal Control

2017-001

Finding: Time sheets were not available to review for the payroll periods selected for testing.

Status: Cleared

SECTION II - Compliance

There were no findings or questioned costs for the year ended November 30, 2017.