# Quad Area Community Action Agency, Inc.
Hammond, Louisiana

## Financial Statements With Auditors' Report

As of and for the Years Ended December 31, 2025 and 2024

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Table of Contents

**COOK & MOREHART,**
**Certified Public Accountants, LLC**

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415 FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

# Independent Auditor's Report

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Quad Area Community Action Agency, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Quad Area Community Action Agency, Inc. (a nonprofit organization) as of December 31, 2025 and 2024, 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.

We did not audit the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., which statements reflects total assets at December 31, 2025 and 2024 of $1,195,259 and $1,216,631, respectively, and the total support and revenues for the years ended December 31, 2025 and 2024 of $343,598 and $323,912, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LaPosada Apartments, is based solely on the report of the other auditors.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Quad Area Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Quad Area Community Action Agency, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Quad Area Community Action Agency, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Quad Area Community Action Agency, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 21 is presented for the purpose of additional analysis and is not a required part of the financial statements of Quad Area Community Action Agency, Inc. The accompanying schedule of expenditures of federal awards, shown on pages 22 – 24, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. 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 GAAS. 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 June 29, 2026, on our consideration of the Quad Area Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quad Area Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Cook + Morehart

Cook & Morehart,
Certified Public Accountants, LLC
June 29, 2026

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Financial Position
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 641,434 | $ 903,809 |
| Grant receivables | 949,235 | 981,724 |
| Other receivables | 600 | 600 |
| Prepaid expenses | 35,469 | 35,469 |
| Total current assets | 1,626,738 | 1,921,602 |
| Restricted deposits and funded reserves | 241,782 | 216,964 |
| Property and equipment, net | 2,269,733 | 2,410,980 |
| Operating lease right-of-use asset, net | 43,275 | 80,188 |
| Net property and equipment | 2,313,008 | 2,491,168 |
| Total Assets | $ 4,181,528 | $ 4,629,734 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable | $ 296,949 | $ 627,597 |
| Accrued liabilities | 154,454 | 178,423 |
| Current portion of long-term debt | 40,294 | 49,769 |
| Current portion of operating lease liabilities | 31,865 | 36,913 |
| Refundable advances | 24,705 | 57,401 |
| Total current liabilities | 548,267 | 950,103 |
| Deposits and prepayment liabilities: | | |
| Tenant's security deposits | 20,570 | 15,346 |
| Non-current portion of operating lease liabilities | 11,410 | 43,275 |
| Long-term debt | 329,964 | 408,966 |
| Total Long term debt | 341,374 | 452,241 |
| Total liabilities | 910,211 | 1,417,690 |
| Net assets: | | |
| With donor restrictions | 144,784 | 109,944 |
| Without donor restrictions | 3,126,533 | 3,102,100 |
| Total net assets | 3,271,317 | 3,212,044 |
| Total Liabilities and Net Assets | $ 4,181,528 | $ 4,629,734 |

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Activities
For the Year Ended December 31, 2025

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| Revenues and Other Support: | | | |
| Contractual revenue - grants | $ 13,168,650 | $ 56,895 | $ 13,225,545 |
| Rents | 76,783 | | 76,783 |
| Rental assistance subsidy | 320,514 | | 320,514 |
| Fees earned | 20,000 | | 20,000 |
| Miscellaneous revenues | 47,394 | | 47,394 |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions | 22,055 | (22,055) | |
| Total revenues and other support | 13,655,396 | 34,840 | 13,690,236 |
| Program expenses: | | | |
| Low-income home energy assistance | 4,340,569 | | 4,340,569 |
| Weatherization assistance | 3,796,722 | | 3,796,722 |
| Head start program | 1,543,211 | | 1,543,211 |
| Child care food program | 206,367 | | 206,367 |
| Community services | 1,016,008 | | 1,016,008 |
| Foster grandparents program | 541,797 | | 541,797 |
| Rental housing project | 225,693 | | 225,693 |
| Americorps | 60,232 | | 60,232 |
| Youth Build | 456,655 | | 456,655 |
| General services | 182,163 | | 182,163 |
| Total program expenses | 12,369,417 | | 12,369,417 |
| General and Administrative expenses | 1,281,966 | | 1,281,966 |
| Total expenses | 13,651,383 | | 13,651,383 |
| Increase in net assets from operations | 4,013 | 34,840 | 38,853 |
| Non-operating activities | | | |
| Gain on disposition of assets | 20,420 | | 20,420 |
| Changes in net assets | 24,433 | 34,840 | 59,273 |
| Net assets, beginning of year | 3,102,100 | 109,944 | 3,212,044 |
| Net assets, end of year | $ 3,126,533 | $ 144,784 | $ 3,271,317 |

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Activities
For the Year Ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| Revenues and Other Support: | | | |
| Contractual revenue - grants | $ 13,365,386 | $ 53,270 | $ 13,418,656 |
| Rents | 87,474 | | 87,474 |
| Rental assistance subsidy | 305,682 | | 305,682 |
| Fees earned | 19,801 | | 19,801 |
| Miscellaneous revenues | 19,877 | 25,000 | 44,877 |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions | 81,237 | (81,237) | |
| Total revenues and other support | 13,879,457 | (2,967) | 13,876,490 |
| Program expenses: | | | |
| Low-income home energy assistance | 4,851,486 | | 4,851,486 |
| Weatherization assistance | 3,685,402 | | 3,685,402 |
| Head start program | 1,505,119 | | 1,505,119 |
| Child care food program | 171,080 | | 171,080 |
| Community services | 989,258 | | 989,258 |
| Foster grandparents program | 520,232 | | 520,232 |
| Rental housing project | 255,413 | | 255,413 |
| Americorps | 56,409 | | 56,409 |
| Youth Build | 457,152 | | 457,152 |
| General services | 142,724 | | 142,724 |
| Total program expenses | 12,634,275 | | 12,634,275 |
| General and Administrative expenses | 1,382,019 | | 1,382,019 |
| Total expenses | 14,016,294 | | 14,016,294 |
| Changes in net assets | (136,837) | (2,967) | (139,804) |
| Net assets, beginning of year | 3,238,937 | 112,911 | 3,351,848 |
| Net assets, end of year | $ 3,102,100 | $ 109,944 | $ 3,212,044 |

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2025

| | Program Services | | | | | |
|---|---|---|---|---|---|---|
| | Low-Income Home Energy Assistance | Weatherization Assistance | Head Start Program | Community Services | Child Care Food Program | Foster Grandparents Program |
| Salaries | $ 186,150 | $ 661,946 | $ 863,927 | $ 393,723 | $ 32,309 | $ 99,275 |
| Fringe benefits | 32,800 | 108,324 | 143,310 | 81,978 | 4,170 | 12,981 |
| Travel | 15,385 | 26,674 | 49,583 | 5,306 | | 4,396 |
| Space costs | 4,671 | | 173,111 | 71,282 | | |
| Telephone | 11,599 | | 32,316 | 43,334 | | |
| Administrative | | | | | | |
| Operating and maintenance | 220 | | | | 9,302 | 3,292 |
| Insurance | 995 | 10,776 | 148,900 | 82,926 | | |
| Equipment expenses | | | | 17,538 | | |
| Supplies | 7,460 | 2,952,256 | 28,207 | 31,620 | 40,820 | 12,229 |
| Professional services and contract labor | 16,983 | 1,500 | | 34,999 | 7,000 | 1,940 |
| Food and related supplies | | | 4,421 | | 112,766 | |
| Miscellaneous | | 4,929 | 32,994 | 9,056 | | 912 |
| Vehicle expenses | | | | | | |
| Volunteer expenses | | | | | | 406,772 |
| Client assistance payments | 4,064,306 | 6,889 | | 244,246 | | |
| Interest expense | | | | | | |
| Depreciation expense | | 23,428 | 66,442 | | | |
| Total Expenses | $ 4,340,569 | $ 3,796,722 | $ 1,543,211 | $ 1,016,008 | $ 206,367 | $ 541,797 |

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

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2025
(Continued)

| | Program Services | | | | | | |
|---|---|---|---|---|---|---|---|
| | Rental Housing Project | Americorps | Youth Build | General Services | Total Program | General and Administrative | Total 2025 |
| Salaries | $ | $ 42,564 | $ 205,662 | $ | $ 2,485,556 | $ 855,592 | $ 3,341,148 |
| Fringe benefits | | 6,297 | 32,197 | | 422,057 | 139,795 | 561,852 |
| Travel | | 372 | 13,708 | | 115,424 | 3,954 | 119,378 |
| Space costs | 48,439 | | 11,467 | | 308,970 | 46,368 | 355,338 |
| Telephone | | | 2,264 | | 89,513 | 7,973 | 97,486 |
| Administrative | | | | | | 104,575 | 104,575 |
| Operating and maintenance | 68,140 | | | | 80,954 | 1,539 | 82,493 |
| Insurance | 53,757 | | 66,268 | | 363,622 | 31,427 | 395,049 |
| Equipment expenses | | | | | 17,538 | 16,544 | 34,082 |
| Supplies | | 4,799 | 8,559 | | 3,085,950 | 44,141 | 3,130,091 |
| Professional services and contract labor | | | 17,250 | | 79,672 | | 79,672 |
| Food and related supplies | | | | | 117,187 | 3,621 | 120,808 |
| Miscellaneous | | 6,200 | | | 54,091 | 12,033 | 66,124 |
| Vehicle expenses | | | 1,481 | | 1,481 | 13,733 | 15,214 |
| Volunteer expenses | | | | | 406,772 | | 406,772 |
| Client assistance payments | | | 94,645 | 97,344 | 4,507,430 | | 4,507,430 |
| Interest expense | 3,886 | | | | 3,886 | 414 | 4,300 |
| Depreciation expense | 51,471 | | 3,154 | 84,819 | 229,314 | 257 | 229,571 |
| Total Expenses | $ 225,693 | $ 60,232 | $ 456,655 | $ 182,163 | $ 12,369,417 | $ 1,281,966 | $ 13,651,383 |

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2024

| | Program Services | | | | | |
|---|---|---|---|---|---|---|
| | Low-Income Home Energy Assistance | Weatherization Assistance | Head Start Program | Child Care Food Program | Community Services | Foster Grandparents Program |
| Salaries | $ 162,423 | $ 623,420 | $ 858,400 | $ 31,013 | $ 414,782 | $ 96,429 |
| Fringe benefits | 32,909 | 113,385 | 131,358 | 4,235 | 70,530 | 17,901 |
| Travel | 11,887 | 865 | 49,018 | | 7,616 | |
| Space costs | 4,916 | | 126,000 | 923 | 74,793 | 2,003 |
| Telephone | 9,027 | | 12,896 | | 41,307 | |
| Administrative | | | | | | |
| Operating and maintenance | | | | 6,586 | | |
| Insurance | 1,922 | 7,719 | 136,688 | | 141,268 | |
| Equipment expenses | | | | | 14,495 | |
| Supplies | 9,041 | 2,926,939 | 59,744 | 23,020 | 35,115 | 7,482 |
| Professional services and contract labor | 19,828 | | | 11,400 | | |
| Food and related supplies | | | 29,495 | 93,903 | | 1,416 |
| Miscellaneous | 459 | | 23,355 | | 10,788 | 140 |
| Vehicle expenses | | | | | | |
| Volunteer expenses | | | | | | 394,861 |
| Client assistance payments | 4,597,831 | 3,602 | | | 178,564 | |
| Interest expense | | | | | | |
| Depreciation expense | 1,243 | 9,472 | 78,165 | | | |
| Total Expenses | $ 4,851,486 | $ 3,685,402 | $ 1,505,119 | $ 171,080 | $ 989,258 | $ 520,232 |

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

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2024
(Continued)

| | Program Services | | | | | | |
|---|---|---|---|---|---|---|---|
| | Rental Housing Project | Americorps | Youth Build | General Services | Total Program | General and Administrative | Total 2024 |
| Salaries | $ | $ 38,665 | $ 221,659 | $ | $ 2,446,791 | $ 846,438 | $ 3,293,229 |
| Fringe benefits | | 5,365 | 38,965 | | 414,648 | 137,323 | 551,971 |
| Travel | | 537 | 10,449 | | 80,372 | 12,139 | 92,511 |
| Space costs | 43,424 | | 755 | | 252,814 | 88,425 | 341,239 |
| Telephone | | | 6,915 | | 70,145 | 9,039 | 79,184 |
| Administrative | | | | | | 107,989 | 107,989 |
| Operating and maintenance | 103,844 | | | | 110,430 | 2,314 | 112,744 |
| Insurance | 52,391 | | 46,544 | | 386,532 | 54,637 | 441,169 |
| Equipment expenses | | | | | 14,495 | 2,984 | 17,479 |
| Supplies | | 8,645 | 17,941 | | 3,087,927 | 60,795 | 3,148,722 |
| Professional services and contract labor | | | | | 31,228 | 38,568 | 69,796 |
| Food and related supplies | | | | | 124,814 | 4,444 | 129,258 |
| Miscellaneous | | 3,197 | | | 37,939 | 4,720 | 42,659 |
| Vehicle expenses | | | 4,523 | | 4,523 | 11,629 | 16,152 |
| Volunteer expenses | | | | | 394,861 | | 394,861 |
| Client assistance payments | | | 106,247 | 60,148 | 4,946,392 | | 4,946,392 |
| Interest expense | 4,283 | | | | 4,283 | 575 | 4,858 |
| Depreciation expense | 51,471 | | 3,154 | 82,576 | 226,081 | | 226,081 |
| Total Expenses | $ 255,413 | $ 56,409 | $ 457,152 | $ 142,724 | $ 12,634,275 | $ 1,382,019 | $ 14,016,294 |

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

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

| Operating Activities | 2025 | 2024 |
|---|---|---|
| Change in net assets | $ 59,273 | $ (139,804) |
| Adjustments to reconcile change in net assets to | | |
| net cash provided (used) by operating activities: | | |
| Depreciation | 229,571 | 226,081 |
| Gain on sale of assets | (20,420) | |
| Amortization of operating leases | 36,913 | 36,985 |
| (Increase) decrease in operating assets: | | |
| Grant receivables | 32,489 | 199,518 |
| Other receivables | | (87) |
| Prepaid expense | | (812) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (330,648) | (6,578) |
| Accrued liabilities | (23,969) | 24,835 |
| Tenant's security deposits | 5,224 | 9,496 |
| Refundable advances | (32,696) | (5,277) |
| Repayments of operating lease liabilities | (36,913) | (36,984) |
| Net cash provided by (used in) operating activities | (81,176) | 307,373 |
| **Investing Activities** | | |
| Payments for property and equipment | (67,904) | |
| Net cash (used) in investing activities | (67,904) | |
| **Financing Activities** | | |
| Repayments of long-term debt | (88,477) | (43,921) |
| Net cash (used) in financing activities | (88,477) | (43,921) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | (237,557) | 263,452 |
| Cash, cash equivalents, and restricted cash as of beginning of year | 1,120,773 | 857,321 |
| Cash, cash equivalents, and restricted cash of end of year | $ 883,216 | $ 1,120,773 |
| Reconciliation of cash, cash equivalents, and restricted cash: | | |
| Cash and cash equivalents | $ 641,434 | $ 903,809 |
| Restricted cash | 241,782 | 216,964 |
| Cash, cash equivalents, and restricted cash, end of year | $ 883,216 | $ 1,120,773 |
| Supplemental disclosures: | | |
| Cash paid for interest | $ 4,300 | $ 4,891 |
| Non-cash investing and financing transaction: | | |
| Acquisition of property | | |
| Cost of property and equipment | $ 88,324 | $ |
| Trade-in value received | (20,420) | |
| Cash down payment for property and equipment | $ 67,904 | $ |
| Property and equipment purchased with loan | $ | $ 53,008 |
| Right of use assets obtained in exchange for operationg leases | $ | $ 47,414 |

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

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Quad Area Community Action Agency, Inc. (QACAA) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. QACAA is governed by a Board of Directors from the different parishes that QACAA serves. QACAA operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in the following parishes of Louisiana: Ascension, East Feliciana, West Feliciana, Livingston, St. Helena, Tangipahoa, Washington, Assumption, St. James, St. Charles, Iberville, West Baton Rouge, East Baton Rouge, St. John, St. Tammany, Plaquemines, St. Bernard, Jefferson, and Orleans. The following programs, with their approximate percentage of total revenues indicated, are administered by QACAA:

**Low-Income Home Energy Assistance (34%)** – Operates a program designed to assist low-income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Community Services Block Grant (11%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Weatherization Assistance (29%)** – Weatherizes (insulates) the dwellings of low-income persons particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Head Start Program (12%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**Child Nutrition (2%)** – Operates a Child and Adult Care Food Program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

**Foster Grandparents Program (4%)** – Sets up projects which provide one-on-one help to children with special needs or exceptional needs in health, education, welfare and related settings. Foster grandparents must be low-income persons at least 60 years of age. Funding is provided by federal funds from the U.S. Agency the Corporation for National Service.

**Rental Housing Projects (2%)** – La Posada Apartments is a forty-unit apartment project located in Independence, Louisiana, that is owned and operated by QACCA. The project was placed in service during August, 2002, for the purpose of operating a rental housing project. Permanent financing is being provided by the Rural Housing Service (RHS), and the project is regulated by RHS as to rent charges and operating methods.

**Americorps (1%)** – To assist individuals currently unemployed to gain work experience and valuable skills, and nonprofit organizations and communities negatively affected by the economic crisis will gain critical human resources. Funding is provided by federal funds through Youth Build USA.

**Youth Build (4%)** – To target disadvantaged youth to engage them in academic and occupational challenges, qualifying them to work on affordable or free housing intended for homeless/low-income projects. Funding is provided by federal funds from the U.S. Department of Labor.

**United Way** – To educate and empower disadvantaged individuals and to help lift them out of poverty to create a stronger, better community. Funding is provided by United Way and passed through the United Way of Southeast Louisiana.

**General Services (1%)** – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of two apartment complexes.

B. Basis of Accounting

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

C. Basis of Presentation

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

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 objective of the organization. These net assets may be used at the discretion of QACAA's management 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 QACAA or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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. QACAA has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Income Taxes

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax–exempt purpose is subject to taxation as unrelated business income. QACAA had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2022, 2023, 2024, and 2025 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

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

F. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2025 or 2024.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements in excess of $5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight–line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds; its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature or any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Facility related expenses are allocated to each function based upon square footage utilized by the function.

J. Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the rental housing project. At December 31, 2025, this account was funded in an amount equal to the security deposit liability. At December 31, 2024, the account was underfunded; however, management made a transfer in 2025 to fund the cash account to equal the security deposit liability at December 31, 2024

K. Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the corporation and the tenants of the rental housing project are operating leases.

(2) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC. At December 31, 2025, $1,104,835 was held at financial institutions. Of this amount, $567,579 was insured by the FDIC, and the remaining $537,256 was uninsured. At December 31, 2024, $1,312,920 was held at financial institutions. Of this amount, $574,478 was insured by the FDIC, and the remaining $738,442 was uninsured.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2025 and 2024, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2025 and 2024, but not received until after those dates.

(4) Refundable Advances

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

(5) Restricted Deposits and Funded Reserves

In accordance with the loan agreement with RHS, a reserve for replacements is to be funded $21,302 annually until the account reaches a balance of $213,020. The required amount of reserves as of December 31, 2025 and 2024 was $213,020 and $213,020, respectively. The amount on hand at December 31, 2025 and 2024 was $213,239 and $208,948, respectively. This amount is included in restricted deposits and funded reserves in the accompanying financial statements.

Also included in restricted deposits and fund reserves are escrow and security deposits at December 31, 2025 and 2024 of $28,543 and $8,016, respectively.

(6) Net Assets

Net assets at December 31, 2025 and 2024 consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Net Assets Without Donor Restrictions: | | |
| Undesignated | $1,008,768 | $ 938,827 |
| Net investment in property and equipment | 1,899,476 | 1,952,245 |
| Total undesignated net assets | 2,908,244 | 2,891,072 |
| Designated for Rental Housing Project | 218,289 | 211,028 |
| Total designated for use for programs | 218,289 | 211,028 |
| Total net assets without donor restrictions | 3,126,533 | 3,102,100 |
| Net Assets With Donor Restrictions: | | |
| Subject to expenditures for specified purpose - | | |
| Restricted for Liheap program | 2,789 | 1,635 |
| Restricted for West Feliciana program | 67,664 | 64,358 |
| Restricted for Weatherization | | 20,420 |
| Restricted for utility assistance | 74,331 | 23,531 |
| Total net assets with donor restrictions | 144,784 | 109,944 |
| Total Net Assets | $3,271,317 | $3,212,044 |

(7) Contractual Revenue – Grants

During the years ended December 31, 2025 and 2024, QACAA received contractual revenue from federal and state grants in the amount of $13,225,545 and $13,418,656, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Partnership Investments

QACAA serves as the Managing General Partner for two different limited partnerships which manage apartment complexes under the Home Affordable Rental Housing Program through regulatory agreements with Louisiana Housing Finance Agency.

QACAA entered into Management Sub-Contracts with Calhoun Property Management, Inc. and St. Amant Management Co., in which they will co–manage the Partnerships. QACAA's ownership percentage of all partnerships is .5%.

During 2024, QACAA sold its partnership interest in both limited partnerships.

(9) Liquidity and Availability of Financial Assets

QACAA monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. QACAA has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

| | 2025 | 2024 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash and cash equivalents | $ 641,434 | $ 903,809 |
| Grant receivables | 949,235 | 981,724 |
| Other receivables | 600 | 600 |
| Cash restricted for deposits and funded reserves | 241,782 | 216,964 |
| Total financial assets | 1,833,051 | 2,103,097 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | ( 144,784) | ( 109,944) |
| Less designated assets which are designated for program use | ( 218,289) | ( 211,028) |
| Financial assets available to meet cash needs for General expenditures within one year | $1,469,978 | $1,782,125 |

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 6, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary.

In addition to financial assets available to meet general expenditures over the year, QACAA operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of QACAA's cash and shows a negative cash generated by operations of ($81,176) for fiscal year ending December 31, 2025, and a positive cash generated by operations of $307,373 for fiscal year ending December 31, 2024.

(10) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest-earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 2025 and 2024 were $148,598, and $151,868, respectively.

(11) Property and Equipment

An analysis of property and equipment at December 31, 2025 is as follows:

| | Estimated Depreciable Life | Purchased With Federal Funds | Purchased With Non-Federal Funds | Total |
|---|---|---|---|---|
| Building and improvements | 20 - 30 years | $ 1,300,639 | $ 2,197,845 | $ 3,498,484 |
| La Pasada Apartment buildings | 30 years | 2,006,299 | | 2,006,299 |
| Land | | 31,500 | 100,250 | 131,750 |
| Idle assets | | 4,569 | 14,323 | 18,892 |
| Furniture and equipment | 3 - 7 years | 410,036 | 31,480 | 441,516 |
| La Pasada furniture and equipment | 3 - 7 years | 33,106 | | 33,106 |
| Vehicles | 3 - 5 years | 591,736 | 58,008 | 649,744 |
| Accumulated depreciation | | (2,988,921) | (1,521,137) | (4,510,058) |
| Net investment in property and equipment | | $ 1,388,964 | $ 880,769 | $ 2,269,733 |

Depreciation and amortization expense for the year ended December 31, 2025 was $229,571.

An analysis of property and equipment at December 31, 2024 is as follows:

| | Estimated Depreciable Life | Purchased With Federal Funds | Purchased With Non-Federal Funds | Total |
|---|---|---|---|---|
| Building and improvements | 20 - 30 years | $ 1,300,639 | $ 2,197,845 | $ 3,498,484 |
| La Pasada Apartment buildings | 30 years | 2,006,299 | | 2,006,299 |
| Land | | 31,500 | 100,250 | 131,750 |
| Idle assets | | 4,569 | 14,323 | 18,892 |
| Furniture and equipment | 3 - 7 years | 426,813 | 31,480 | 458,293 |
| La Pasada furniture and equipment | 3 - 7 years | 33,106 | | 33,106 |
| Vehicles | 3 - 5 years | 671,122 | 58,008 | 729,130 |
| Accumulated depreciation | | (3,028,913) | (1,436,061) | (4,464,974) |
| Net investment in property and equipment | | $ 1,445,135 | $ 965,845 | $ 2,410,980 |

Depreciation and amortization expense for the year ended December 31, 2024 was $226,081.

(12) Right-of-Use Operating Leases

QUAD leases certain office space and office equipment under non-cancellable operating leases. The leases expire at various dates through 2027. The risk-free discount rate with a period comparable with that of the individual lease term was used which range from 1.26% to 4.11%.

The right-of-use operating assets and operating lease liabilities at December 31, 2025, and 2024, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Lease Assets | | |
| Operating lease right-of-use asset (net) | $ 43,275 | $ 80,188 |
| Lease Liabilities | | |
| Operating lease liabilities at December 31 | $ 43,275 | $ 80,188 |
| Less current portion | ( 31,865) | ( 36,913) |
| Operating lease liabilities | $ 11,410 | $ 43,275 |
| Total lease costs were as follows: | | |
| Operating lease cost | $ 39,060 | $ 31,060 |
| Weighted-average remaining lease term – months | 16 | 26 |
| Weighted-average discount rate | 3.54% | 3.32% |

Future minimum payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

| For the Year Ending December 31, | Principle | Interest | Total |
|---|---|---|---|
| 2026 | $ 31,865 | $ 1,015 | $ 32,880 |
| 2027 | 11,410 | 190 | 11,600 |
| Totals | $ 43,275 | $ 1,205 | $ 44,480 |

(13) Accrued Liabilities

Accrued liabilities at December 31, 2025 and 2024 consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Payroll liabilities | $ 154,144 | $ 178,080 |
| Accrued interest payable | 310 | 343 |
| | $ 154,454 | $ 178,423 |

(14) Long-term Debt

Long-term debt at December 31, 2025 and 2024 consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Two notes payable to Rural Housing Service, due in monthly installments of $3,150 and $501, including interest at 1.00%, secured by real estate, final payments due October 2035. | $ 370,258 | $ 410,151 |
| Note payable to an auto finance company, interest 3.9%. payments due in monthly installments of $975, Final payment due October 2029; secured by a vehicle. | | 48,584 |
| Total debt | 370,258 | 458,735 |
| Less current installments on long-term debt | ( 40,294) | ( 49,769) |
| Non-current portion of long-term debt | $ 329,964 | $ 408,966 |

Approximate maturities of long-term debt are summarized as follows:

| For the Year Ending December 31, | Approximate Amount |
|---|---|
| 2026 | $ 40,294 |
| 2027 | 40,698 |
| 2028 | 41,107 |
| 2029 | 41,520 |
| 2030 | 41,937 |
| 2031 – thereafter | 164,702 |
| | $ 370,258 |

Interest expense on these notes for the years ended December 31, 2025 and 2024 was $3,886 and $4,858, respectively.

(15) Line of Credit

QACAA has a $300,000 line of credit. The line of credit matures on January 25, 2026, and was secured by a continuing security interest in all property. As of December 31, 2025 and 2024, there was no outstanding balance on the line of credit.

The line of credit was not renewed after January 25, 2026.

(16) Subsequent Events

Subsequent events have been evaluated through June 29, 2026, the date the financial statements were available to be issued.

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Agency Head: Wallace Sibley, Executive Director

| Purpose | Amount |
|---|---|
| Salary | $ 168,207 |
| Benefits - insurance | 6,853 |
| Benefits - retirement | 8,510 |
| Travel | 170 |
| Cell phone | 1,662 |

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

| Federal Grantor / Pass-Through Grantor / Program Title | Federal Assistance Listing Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| U.S. Department of Health and Human Services | | | | |
| Head Start Cluster | | | | |
| Direct Programs: | | | | |
| Head Start (Fy 11-30-25) | 93.600 | 06CH011867-05 | $ | $ 1,499,803 |
| Head Start (Fy 11-30-26) | 93.600 | 06CH013472-01 | | 111,310 |
| Total Head Start Cluster | | | | 1,611,113 |
| Passed through Louisiana Workforce Commission | | | | |
| Community Services Block Grant | 93.569 | 2025N0026, 2026N0026 | | 1,403,279 |
| Passed through Louisiana Housing Corporation | | | | |
| Low-Income Home Energy Assistance Program | 93.568 | Unknown | | 4,649,807 |
| Low-Income Home Energy Assistance Program - Weatherization (Fy 6-30-25) | 93.568 | Unknown | | 1,307,806 |
| Low-Income Home Energy Assistance Program - Weatherization (Fy 6-30-26) | 93.568 | Unknown | | 878,419 |
| Total U.S. Department of Health and Human Services | | | | 9,850,424 |
| U.S. Department of Energy | | | | |
| Passed through Louisiana Housing Corporation | | | | |
| Weatherization Assistance for Low-Income Persons (Fy 6-30-25) | 81.042 | Unknown | | 1,006,138 |
| Weatherization Assistance for Low-Income Persons (Fy 6-30-26) | 81.042 | Unknown | | 887,835 |
| Total U.S. Department of Energy | | | | 1,893,973 |

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025
(Continued)

| Federal Grantor / Pass-Through Grantor / Program Title | Federal Assistance Listing Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| The Corporation For National Service | | | | |
| Foster Grandparent / Senior Companion Cluster | | | | |
| Direct Programs: | | | | |
| Americorps Seniors Foster Grandparent Program (FGP) (Fy 6-30-25) | 94.011 | 25SF234322 | | 326,208 |
| Americorps Seniors Foster Grandparent Program (FGP) (Fy 6-30-26) | 94.011 | 26SF234322 | | 230,409 |
| Total Foster Grandparent / Senior Companion Cluster | | | | 556,617 |
| Passed through YouthBuild USA | | | | |
| Americorps State and National | 94.006 | Unknown | | 60,232 |
| Total Corporation For National Service | | | | 616,849 |
| U.S. Department of Agriculture | | | | |
| Direct Programs: | | | | |
| Farm Labor Housing Loans and Grants | 10.405 | Unknown | | 370,258 |
| Rural Rental Assistance Payments | 10.427 | Unknown | | 340,721 |
| Passed through Louisiana Department of Education | | | | |
| Child and Adult Care Food Program (CACFP) | 10.558 | Unknown | | 206,367 |
| Total U.S. Department of Agriculture | | | | 917,346 |

(Continued)

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025
(Continued)

| Federal Grantor / Pass-Through Grantor / Program Title | Federal Assistance Listing Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| U.S. Department of Labor | | | | |
| Direct Programs: | | | | |
| YouthBuild | 17.274 | YB-34294-19-60-A-22 | | 490,274 |
| Total U.S. Department of Labor | | YB-38219-22-60-A-22 | | 490,274 |
| Total federal expenditures | | | $ | $ 13,768,866 |

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of QUAD Area Community Action Agency, Inc. under programs of the federal government for the year ended December 31, 2025. 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 QUAD Area Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of QUAD Area Community Action Agency, Inc.

NOTE B: Summary of Significant Accounting Policies

(1) 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.

(2) QUAD Area Community Action Agency, Inc. does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Loan balance outstanding at December 31, 2025, for the Farm Labor Housing Loan, CFDA #10.405, totaled $370,258.

**COOK & MOREHART,**
**Certified Public Accountants, LLC**

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415 FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, 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 (*Government Auditing Standards)*, the financial statements of Quad Area Community Action Agency, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 June 29, 2026. Our report includes a reference to other auditors who audited the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., as described in our report on Quad Area Community Action Agency, Inc.'s financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Quad Area Community Action Agency Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Quad Area Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Cook & Morehart

Cook & Morehart,
Certified Public Accountants, LLC
June 29, 2026

COOK & MOREHART,
Certified Public Accountants, LLC

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415 FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Quad Area Community Action Agency, Inc.'s, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quad Area Community Action Agency's major federal programs for the year ended December 31, 2025. Quad Area Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Quad Area Community Action Agency, Inc. complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards);* 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). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Quad Area Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Quad Area Community Action Agency Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to Quad Area Community Action Agency, Inc.'s federal programs.

### *Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Quad Area Community Action Agency Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Quad Area Community Action Agency Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Quad Area Community Action Agency Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Quad Area Community Action Agency Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Quad Area Community Action Agency Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cook & Morehart,
Certified Public Accountants, LLC
June 29, 2026

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2025

There were no findings for the prior year audit for the year ended December 31, 2024.

Schedule of Findings and Questioned Costs
December 31, 2025

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

| | | | | |
|---|---|---|---|---|
| Internal control over financial reporting : | | | | |
| Material weaknesses identified : | | yes | ✓ | no |
| Significant deficiencies identified : | | yes | ✓ | none reported |
| Noncompliance material to financial statements noted : | | yes | ✓ | no |

Federal Awards

| | | | | |
|---|---|---|---|---|
| Internal control over major programs : | | | | |
| Material weaknesses identified : | | yes | ✓ | no |
| Significant deficiencies identified : | | yes | ✓ | none reported |

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

| | | | | |
|---|---|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) | | yes | ✓ | no |

Identification of major federal programs :

Low-Income Home Energy Assistance Program AL# 93.568
Weatherization Assistance for Low-Income Persons AL# 81.042

Dollar threshold used to distinguish betweem
type A and type B programs : $1,000,000

| | | | | |
|---|---|---|---|---|
| Auditee qualified as low risk : | ✓ | yes | | no |

**B. Findings - Financial Statements Audit** - None.

**C. Findings and Questioned Costs - Major Federal Programs Audit** - None

Quad Area Community Action Agency, Inc.
Hammond, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2025

There were no findings or questioned costs for the prior year audit period ended December 31, 2024.

Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
December 31, 2025

There are no findings or questioned costs for the current year audit period ended December 31, 2025.

COOK & MOREHART,
Certified Public Accountants, LLC

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415 FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Quad Area Community Action Agency, Inc.
Hammond, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Quad Area Community Action Agency, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Quad Area Community Action Agency, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### *1) Written Policies and Procedures*

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

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

iii. ***Disbursements***, including processing, reviewing, and approving.

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

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

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

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

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

### 2) *Board or Finance Committee*

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget- to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those* *entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

### *3) Bank Reconciliations*

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

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

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

Procedures performed, noted the following exception:

*Exception:* No evidence that management has researched the reconciling items that have been outstanding for more than 12 months from the statement closing date. There were 9 checks totaling $1,905.36.

### *4) Collections (excluding electronic funds transfers)*

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers/registers;

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

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

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. No exceptions noted.

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

ii. At least two employees are involved in processing and approving payments to vendors;

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

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. No exceptions noted.

### *6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)*

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

B. 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

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C, identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Procedures performed. No exceptions noted.

### 7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

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

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

Procedures performed. No exceptions noted.

### *8) Contracts*

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

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

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

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

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

Procedures performed. No applicable transactions during the year.

### *9) Payroll and Personnel*

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

### 10) *Ethics*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not applicable for not for profits.

### 11) *Debt Service*

a. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

b. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable for not for profits.

### *12) Fraud Notice*

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Quad Area represents that there were no misappropriations of public funds or assets during the fiscal year.

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

Procedures performed. No exceptions noted.

### *13) Information Technology Disaster Recovery/Business Continuity*

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – Completed the training; and
- Hired on or after June 9, 2020 – Completed the training within 30 days of initial service or employment.

We performed the procedures and discussed the results with management.

### *14) Prevention of Sexual Harassment*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Not applicable for not for profits.

We were engaged by Quad Area Community Action Agency, Inc., to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Quad Area Community Action Agency, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cook + Morehart

Cook & Morehart,
Certified Public Accountants, LLC
June 29, 2026

community Action PARTNERSHIP 40th Anniversary

**QUAD AREA COMMUNITY ACTION AGENCY, INC.**
**45300 NORTH BAPTIST ROAD**
**HAMMOND, LOUISIANA 70401**

**Wallace Sibley**
**Executive Director**

**Phone (225) 567-2350**
**Fax (225) 567-2630**
**quadarea@i-55.com**

June 29, 2026

Cook & Morehart,
Certified Public Accountants, LLC
1215 Hawn Avenue
Shreveport, LA 71107

Quad Area Community Action Agency submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2025.

*Exception:* There was no documentation that management had researched reconciling items outstanding for more than 12 months.

*Management's Response:* Management will document the research for outstanding items for more than 12 months.

Sincerely,

Wallace Sibley
Executive Director