

**RIVER REGION HUMAN
DEVELOPMENT, INC.**

Financial Report

Year Ended September 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-13
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	16-17
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	20-22
Corrective Action Plan	23-24
Schedule of Prior Year Audit Findings	25-26

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

INDEPENDENT AUDITOR'S REPORT

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

To the Officers and Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of River Region Human Development, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of River Region Human Development, 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 River Region Human Development, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Baton Rouge, Louisiana
July 22, 2021

FINANCIAL STATEMENTS

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Financial Position
September 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 66,343
Grants receivable	<u>107,068</u>
Total current assets	173,411
Property and equipment, net	<u>2,093</u>
Total assets	<u><u>\$ 175,504</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 20,977
Due to providers	182,170
Accrued payroll liabilities	<u>23,400</u>
Total liabilities	226,547
Net assets (deficit):	
Without donor restrictions-	
Undesignated	<u>(51,043)</u>
Total liabilities and net assets	<u><u>\$ 175,504</u></u>

The accompanying notes are an integral part of this statement.

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Activities
Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues and reclassifications:			
Support -			
Government grants	\$ 1,201,308	\$ -	\$ 1,201,308
Other income	<u>5,931</u>	<u>-</u>	<u>5,931</u>
Total support, revenues and reclassifications	<u>1,207,239</u>	<u>-</u>	<u>1,207,239</u>
Expenses:			
Program services	1,132,992	-	1,132,992
Supporting services -			
Management and general	<u>84,931</u>	<u>-</u>	<u>84,931</u>
Total expenses	<u>1,217,923</u>	<u>-</u>	<u>1,217,923</u>
Change in net assets	(10,684)	-	(10,684)
Net assets (deficit), beginning	<u>(40,359)</u>	<u>-</u>	<u>(40,359)</u>
Net assets (deficit), ending	<u>\$ (51,043)</u>	<u>\$ -</u>	<u>\$ (51,043)</u>

The accompanying notes are an integral part of this statement.

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services	Management and General	Total Expenses
Salaries and wages	\$ 99,664	\$ 52,117	\$ 151,781
Payroll taxes	7,624	3,987	11,611
Contract services	10,575	3,900	14,475
Professional fees	9,569	2,392	11,961
Provider assistance	1,000,213	-	1,000,213
Supplies	-	3,074	3,074
Occupancy	-	11,700	11,700
Utilities	-	1,175	1,175
Telecommunication	-	5,228	5,228
Miscellaneous	<u>5,347</u>	<u>132</u>	<u>5,479</u>
Total expenses before depreciation	1,132,992	83,705	1,216,697
Depreciation	<u>-</u>	<u>1,226</u>	<u>1,226</u>
Total	<u><u>\$ 1,132,992</u></u>	<u><u>\$ 84,931</u></u>	<u><u>\$ 1,217,923</u></u>

The accompanying notes are an integral part of this statement.

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Cash Flows
Year Ended September 30, 2020

Cash flows from operating activities:	
Change in net assets (deficit)	\$ (10,684)
Adjustments to reconcile change in net assets (deficit)	
to net cash provided by operating activities -	
Depreciation	1,226
Change in current assets and liabilities:	
Grants receivable	64,651
Other receivable	900
Cash overdraft	(20,443)
Accounts payable	(9,002)
Due to providers	41,470
Accrued payroll	(13,965)
Payroll liabilities	<u>12,190</u>
Total adjustments	<u>77,027</u>
Net cash provided by operating activities	66,343
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 66,343</u>

The accompanying notes are an integral part of this statement.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Nature of Activities

River Region Human Development, Inc. (the Organization) was chartered as a nonprofit corporation March 21, 1988, in the parish of Ascension, state of Louisiana. The mission of the Organization is to provide food for the needy in the area. The Organization operates a Family Day Care Home Program (FDCHP) under the Child and Adult Care Food Program. This program is funded by the U.S. Department of Agriculture (USDA), offering meals for needy daycare recipients who are provided childcare and aftercare service by approved providers. All meals meet the nutritional requirements of the USDA. Program participants are solicited through public announcements. This program is funded by federal funds and is the primary source of the Organization's revenues.

B. Financial Statement Presentation

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 and net assets with donor restrictions.

C. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

E. Due to Providers

Due to providers represents amounts owed to providers for the cost of meals served during the month of September 2020.

F. Revenues Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

G. Property and Equipment

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. The Organization maintains a threshold level of \$1,000 or more for capitalizing capital assets. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	5 - 15 years

H. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, which are allocated on the basis of time and effort.

I. Support and Expenses

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor-restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

K. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally three years after they are filed.

(2) Liquidity and Availability of Financial Assets

The Organization had financial assets in the amount of \$173,411 as of September 30, 2020, that were available to meet cash needs for general expenditures within one year. The Organization did not have any amounts with donor-imposed regulation or board designations. At September 30, 2020, the Organization has \$173,411 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$66,343 and grants receivable of \$107,068.

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligation become due.

(3) Concentration of Credit Risk

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. The Organization's cash balance did not exceed this limit and therefore were not subject to credit risk.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

(4) Concentrations

The Organization received 99.51% of its revenue from the Department of Education, State of Louisiana through the US Department of Agriculture Food and Nutrition Services, Family Day Care Home Program. The Organization does not expect that the support from this governmental agency will be lost in the near-term; however, a change in this funding could substantially affect the operations of the Organization.

(5) Property and Equipment

Property and equipment consist of the following as of September 30, 2020:

Furniture and equipment	\$ 9,127
Less: Accumulated depreciation	<u>(7,034)</u>
Property and equipment, net	<u>\$ 2,093</u>

Depreciation expense in the amount of \$1,226 was charged to supporting services.

(6) Operating Lease

The Organization conducts its administrative operations at a leased facility in Gonzales, Louisiana. The lease term is October 1, 2019 through September 30, 2020 at a rate of \$900 per month. The lease is renewed annually. Lease expense amounted to \$11,700 for the year ended September 30, 2020.

(7) Board of Directors

The management of the Organization is vested in a Board of Directors which consists of four members who serve without compensation.

(8) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(9) Risk Management

The Organization is exposed to risk of loss in the area of general liability. The Organization has not purchased insurance to cover any potential losses.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

(10) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits and other payments to Edgar Irvin, Director, for the year ended September 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 75,854</u>

(11) Going Concern – Substantial Doubt Alleviated

As shown in the accompanying financial statements, the Organization had a decrease in net assets of \$10,684 during the year ended September 30, 2020, and as of that date, the Organization's liabilities exceeded its assets by \$51,043. Those factors create uncertainty about the Organization's ability to continue as a going concern. Management has evaluated these conditions and plans to generate additional revenues and further reduce administrative expenses to alleviate this uncertainty. As a result, management has received a loan of approximately \$25,000 through the Paycheck Protection Program, which management believes will be fully forgiven. Additionally, management has temporary reduced their administrative staff that will reduce expenses by approximately \$28,000.

(12) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

(13) Subsequent Event Review

The Organization's management has evaluated subsequent events through July 22, 2021, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

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

To the Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of River Region Human Development, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020 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 July 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered River Region Human Development, Inc.'s (Organization) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-002 through 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 22, 2021

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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

WWW.KCSRCPAS.COM

To the Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

Report on Compliance for Each Major Federal Program

We have audited River Region Human Development, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended September 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 22, 2021

River Region Human Development, Inc.
Gonzales, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass- Through Identifying No.	Federal Expenditures
U. S. Department of Agriculture -			
Passed through State of Louisiana Department of Education:			
Child and Adult Care Food Program	10.558	N/A	\$ 454,257
COVID 19 - Child and Adult Care Food Program	10.558	N/A	747,051
			<u>\$ 1,201,308</u>

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

(1) General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of River Region Human Development, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2020. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is reported on the accrual basis of accounting. Such expenditures is recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Organization has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

Part I. Summary of Auditor's Results:

1. An unmodified opinion was issued on the financial statements.
2. There were no significant deficiencies in internal control disclosed during the audit of the financial statements. There were two material weaknesses reported.
3. There was one instance of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, disclosed by the audit.
4. There were no significant deficiencies in internal control over the major federal award program disclosed during the audit. No material weakness are reported.
5. The auditor's report on compliance for the major federal award program for the Organization expresses an unmodified opinion for the major federal program.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was: Child and Adult Care Food Program (10.558).
8. The threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b)(1) was \$750,000.
9. The Organization did not qualify as a low risk auditee.

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

A. Compliance Findings –

2020-001 Failure to Report and Remit Payroll Taxes

Fiscal year finding initially occurred: 2017

Condition

The Organization did not have adequate controls to ensure all payroll taxes were properly reported and remitted to the appropriate federal and state agencies.

Criteria

The Organization should have controls over their payroll process to ensure that payroll taxes are properly reported and remitted to the appropriate federal and state agencies.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

Cause

The Organization did not have adequate procedures in place to verify that payroll taxes for the months of November 2019, February 2020, July 2020, and August 2020 were not reported and remitted to the Internal Revenue Service and the Louisiana Department of Revenue.

Effect

The Organization did not report and remit payroll taxes totaling \$14,118 the months of November 2019, February 2020, July 2020, and August 2020.

Recommendation

The Organization should establish policies and procedures to ensure all payroll taxes are properly reported and remitted to the appropriate federal and state agencies by the prescribed deadline.

Views of Responsible Officials and Planned Corrective Action

The Organization will review its payroll procedures to ensure that the total wages and the employer and employee portions of payroll taxes included on the required payroll reports are being properly reconciled to the general ledger prior to reporting and remitting the calculated amounts to the federal and state agencies. Additionally, management will ensure the appropriate payroll information is provided to their contract accountant to properly prepare and remit payroll tax reports.

B. Internal Control Findings –

2020-002 Failure to Report and Remit Payroll Taxes

See Compliance finding 2020-001.

2020-003 Inadequate Procedures Over Recording Transactions

Fiscal year finding initially occurred: 2017

Criteria

The Organization should have procedures to record all transactions in their general ledger and to perform monthly bank reconciliations on all bank accounts regardless of the significance of the activity.

Condition

The Organization has a bank account with limited activity that was not recorded on the general ledger and not properly reconciled.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

Cause

The Organization's management did not have procedures to record the activity and perform monthly reconciliations for all bank accounts.

Effect

The Organization's financial records did not include the activity for one bank account that is primarily used to collect and remit inspection fees.

Recommendation

The Organization should ensure their financial records includes all activity of the Organization and all bank accounts are properly reconciled monthly.

Views of Responsible Officials and Planned Corrective Action

The Organization will review their procedures to ensure the transactions for all bank accounts are recorded in the general ledger and reconciliations will be properly performed monthly.

Part III. Findings and questioned costs for major Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

U.S. Department of Agriculture – Passed through the State of Louisiana Department of Education:

Compliance Findings –

None reported.

Internal Control Finding –

None reported.

RIVER REGION HUMAN DEVELOPMENT, INC
POST OFFICE BOX 2188/1058 E. WORTHY ST.
GONZALES, LOUISIANA 70737
225-644-2056-office
225-644-0609-fax

Eric Brady- President **Whitney Hickerson- Treasurer**
Edgar Irvin – Executive Director **Lynn Williams – Coordinator**

July 22, 2021

U.S. Department of Agriculture

River Region Human Development respectfully submits the following corrective action plan for the year ended September 30, 2020.

Audit conducted by:

Kolder, Slaven & Company, LLC
11929 Bricksome Ave.
Baton Rouge, LA 70816

Audit Period: October 1, 2019 – September 30, 2020

The findings from the September 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness-

Compliance:

2020-001 Finding: The Organization did not have adequate controls to ensure all payroll taxes were properly reported and remitted to the appropriate federal and state agencies.

Corrective Action Plan: The Organization will review its payroll procedures to ensure that the total wages and the employer and employee portions of payroll taxes included on the required payroll reports are being properly reconciled to the general ledger prior to reporting and remitting the calculated amounts to the federal and state agencies. Additionally, management will ensure the appropriate payroll information is provided to their contract accountant to properly prepare and remit payroll tax reports.

Material Weakness-

Internal Control:

2020-002 Finding: The Organization did not have adequate controls to ensure all payroll taxes were properly reported and remitted to the appropriate federal and state agencies.

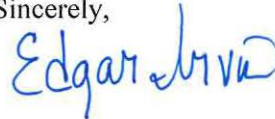
Corrective Action Plan: The Organization will review its payroll procedures to ensure that the total wages and the employer and employee portions of payroll taxes included on the required payroll reports are being properly reconciled to the general ledger prior to reporting and remitting the calculated amounts to the federal and state agencies. Additionally, management will ensure the appropriate payroll information is provided to their contract accountant to properly prepare and remit payroll tax reports.

2020-003 Finding: The Organization has a bank account with limited activity that was not recorded on the general ledger and not properly reconciled.

Corrective Action Plan: The Organization will review their procedures to ensure the transactions for all bank accounts are recorded in the general ledger and reconciliations will be properly performed monthly.

The findings noted above are anticipated to be completed by December 31, 2021. Should any federal or state pass-through grant agencies have questions regarding this plan, please contact Edgar Irvin, Executive Director, at 225-644-2056.

Sincerely,



Edgar Irvin
Executive Director

RIVER REGION HUMAN DEVELOPMENT, INC
POST OFFICE BOX 2188/1058 E. WORTHEY ST.
GONZALES, LOUISIANA 70737
225-644-2056-office
225-644-0609-fax

Eric Brady- President

Edgar Irvin – Executive Director

Whitney Hickerson- Treasurer

Lynn Williams – Coordinator

Schedule of Prior Year Audit Findings
Year Ended September 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT:

A. Compliance Findings -

2019-001 Failure to Report and Remit Payroll Taxes

Condition

The Organization did not have adequate controls to ensure all payroll taxes were properly reported and remitted to the appropriate federal and state agencies.

Recommendation

The Organization should establish policies and procedures to ensure all payroll taxes are properly reported and remitted to the appropriate federal and state agencies by the prescribed deadline.

Current Status

This finding was not resolved and is repeated in the current year. The Organization will review its payroll procedures to ensure that the total wages and the employer and employee portions of payroll taxes included on the required payroll reports are being properly reconciled to the general ledger prior to reporting and remitting the calculated amounts to the federal and state agencies. Additionally, management will ensure the appropriate payroll information is provided to their contract accountant to properly prepare and remit payroll tax reports.

2019-002 Failure to File Audited Financial Statements Timely

Condition

The annual audited financial statements were not filed timely for fiscal year ended September 30, 2019.

Recommendation

The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Current Status

The Organization obtained an emergency/disaster related extension from the Louisiana Legislative Auditor's office which extended their filing deadline to September 30, 2021. This finding will not be repeated for fiscal year ending September 30, 2020.

Internal Control Findings –

2019-003 Failure to Report and Remit Payroll Taxes

See Compliance finding 2019-001.

River Region Human Development, Inc.
Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2020

2019-004 Failure to File Audited Financial Statements Timely

See Compliance finding 2019-002.

2019-005 Inadequate Procedures Over Recording Transactions

Condition

The Organization has a bank account with limited activity that was not recorded on the general ledger and not properly reconciled.

Recommendation

The Organization should ensure their financial records includes all activity of the Organization and all bank accounts are properly reconciled monthly.

Current Status

This finding was not resolved and is repeated in the current year. The Organization will review their procedures to ensure the transactions for all bank accounts are recorded in the general ledger and reconciliations will be properly performed monthly.

FINDINGS – FEDERAL AWARD PROGRAM AUDIT:

Compliance Findings -

2019-006 Failure to File Single Audit Reporting Package Timely

Condition

The single audit reporting package and data collection form was not submitted timely for fiscal year ended September 30, 2019.

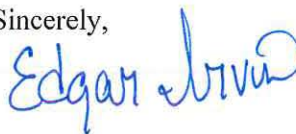
Recommendation

The Organization should ensure their annual financial statement audit is completed timely in order to submit the single audit reporting package and data collection form within the prescribed deadline.

Current Status

The Office of Management and Budget issued guidance that allowed recipients and subrecipients to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR 200.501 to six months beyond the normal due date. As a result of this extension, this finding will not be repeated for fiscal year ending September 30, 2020.

Sincerely,



Edgar Irwin, Executive Director