

**Crescent City WIC Services, Inc.**

Financial Reports

Years Ended December 31, 2016 And 2015

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**PEDELAHORE & CO., LLP**  
*Certified Public Accountants*

Independent Auditor's Report

To the Board of Directors  
Crescent City WIC Services, Inc.  
Gretna, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Crescent City WIC Services, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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 Crescent City WIC Services, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer on page 11 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 June 30, 2016, on our consideration of Crescent City WIC Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crescent City WIC Services, Inc.'s internal control over financial reporting and compliance.



June 30, 2017

New Orleans, Louisiana

**Crescent City WIC Services, Inc.**  
**Statements Of Financial Position**  
December 31, 2016 And 2015

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash	\$ 80,036	\$ 72,322
Accounts receivable	25,400	29,714
Prepaid expenses	<u>-</u>	<u>2,410</u>
 Total current assets	 105,436	 104,446
 <b>Property And Equipment</b>		
Office furniture and equipment	53,226	45,733
Less: accumulated depreciation	<u>32,192</u>	<u>20,348</u>
	<u>21,034</u>	<u>25,385</u>
 Total assets	 <u>\$ 126,470</u>	 <u>\$ 129,831</u>
 <b><u>Liabilities And Net Assets</u></b>		
 <b>Current Liabilities</b>		
Accounts payable	\$ 34,348	\$ 6,933
Accrued payroll	<u>25,696</u>	<u>17,696</u>
 Total current liabilities	 <u>60,044</u>	 <u>24,629</u>
 <b>Net Assets</b>		
Unrestricted	<u>66,425</u>	<u>105,202</u>
	<u>\$ 126,469</u>	<u>\$ 129,831</u>

The Notes to Financial Statements are an integral part of these statements.

**Crescent City WIC Services, Inc.**  
**Statements Of Activities And Changes In Net Assets**  
For The Years Ended December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
<b>Support And Revenue</b>		
WIC Services	\$ 358,023	\$ 393,389
Grants	831,815	895,199
Donations	3,231	14,597
Total revenue	<u>1,193,069</u>	<u>1,303,185</u>
<b>Expenses</b>		
Salaries and wages	632,239	632,018
Contract labor	196,201	235,187
Rent	64,800	47,300
Payroll tax expense	49,785	71,694
Insurance	40,820	35,533
Travel expense	51,565	31,473
Office expense	42,465	50,573
Professional fees	25,416	59,945
Telephone expense	24,535	22,483
Advertising	18,535	10,711
Repairs and maintenance	18,002	4,425
Janitorial service and supplies	14,235	13,858
Depreciation	11,844	10,121
Event expenses	11,202	16,824
Utilities	9,692	9,566
Supplies	7,554	24,611
Medical supplies	5,045	4,473
Employee benefits	-	586
Uniforms	2,571	3,904
Security expense	1,859	1,145
Miscellaneous	1,420	1,066
Seminar and training	1,318	2,868
General administrative expense	484	8,506
Bank charges	208	243
Interest expense	51	139
Computer and internet	-	1,498
Total expenses	<u>1,231,846</u>	<u>1,300,750</u>
<b>Other Income</b>		
Rental income	-	9,000
Interest income	-	3
Total other income	<u>-</u>	<u>9,003</u>
<b>Increase (Decrease) In Net Assets</b>	<b>(38,777)</b>	<b>11,438</b>
<b>Net Assets, Beginning Of Year</b>	<u><b>105,202</b></u>	<u><b>93,764</b></u>
<b>Net Assets, End Of Year</b>	<u><u><b>\$ 66,425</b></u></u>	<u><u><b>\$ 105,202</b></u></u>

The Notes to Financial Statements are an integral part of these statements.

**Crescent City WIC Services, Inc.**  
**Statements Of Cash Flows**  
For The Years Ended December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (38,777)	\$ 11,438
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,844	10,121
Decrease (increase) in:		
Accounts receivable	4,315	6,348
Prepaid expenses	2,410	1,133
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>35,415</u>	<u>(15,582)</u>
 Net cash provided by operating activities	 <u>15,207</u>	 <u>13,458</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	<u>(7,493)</u>	<u>(20,482)</u>
 Net cash used by investing activities	 <u>(7,493)</u>	 <u>(20,482)</u>
 <b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	 7,714	 (7,024)
 Cash and cash equivalents at beginning of year	 <u>72,322</u>	 <u>79,346</u>
 Cash and cash equivalents at end of year	 <u>\$ 80,036</u>	 <u>\$ 72,322</u>

The Notes to Financial Statements are an integral part of these statements.

**Crescent City WIC Services, Inc.**  
Notes To Financial Statements  
For The Years Ended December 31, 2016 And 2015

**Note 1. Summary Of Significant Accounting Policies**

Nature of Business

Crescent City WIC Services, Inc. (the Organization) is a nonprofit organization. The Organization provides services for The Special Supplemental Nutrition Program for Women, Infant and Children (LA WIC Program), which includes: determining eligibility for program participation; conducting nutrition risk assessment; providing nutrition education; developing nutrition care plans; issuing food instruments for use in exchange for supplemental foods; training and monitoring WIC vendors. The Organization also provides services for the Healthy Start Program; an initiative to improve perinatal health outcomes and reduce racial and ethnic disparities.

Basic of Accounting

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

Basis of Presentation

The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with respect to financial statement presentation. Accordingly, the Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets.

Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at historical cost. Depreciation and amortization of property and equipment is provided utilizing accelerated methods. Depreciation expense for the December 31, 2016 and 2015 was \$11,844 and \$10,121, respectively.



**Crescent City WIC Services, Inc.**  
Notes To Financial Statements  
For The Years Ended December 31, 2016 And 2015

**Note 1. Summary Of Significant Accounting Policies (continued)**

Property and Equipment (continued)

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Advertising Expense

Advertising expense is considered direct costs and are not considered to have a direct-response relationship to support under ASC Topic 340-20 "Capitalized Advertising Costs.". Therefore these expenses are recognized as incurred. No amounts of advertising are capitalized. Advertising costs for the year ended December 31, 2016 and 2015 are \$18,535 and \$10,711, respectively.

Revenue Recognition and Receivables

WIC services are recorded when earned.

Use of Estimates

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

Income Taxes

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c) (3) and, as such, is not subject to income taxes.

The Organization has adopted *FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes."* Using that guidance, as of December 31, 2016, the Organization believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Also, the Organization's federal tax returns are subject to possible examination by the taxing authorities until the expiration of the related statues of limitation on those returns. In general, the federal tax return has a three year statute of limitations.

**Crescent City WIC Services, Inc.**  
**Notes To Financial Statements**  
For The Years Ended December 31, 2016 And 2015

**Note 2. Commitments And Contingencies**

The Organization leases its present office site under a five year operating agreement at a monthly rental of \$4,000. The present lease expires in April 2017, and contains a renewal option under similar terms as the original lease. Total rental expense for December 31, 2016 and 2015 was \$64,800 and \$47,300 respectively.

Future commitments under this lease are:

2017	\$16,000
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The Organization acquired an additional lease under a two year operating agreement at a monthly rental of \$1,400. This lease expires October 1, 2018 and contains a renewal option under similar terms of the original lease.

Future commitments under this lease are:

2017	\$16,800
2018	\$12,600

Pending Claims or Matters

Management feels there are no matters pending that require disclosure at this time.

**Note 3. Related Party Transactions**

The Organization's Executive Director owns Crescent City Coders, LLC. Crescent City Coders, LLC ceased operations in March 2016. There were no transactions between the Organization and Crescent City Coders, LLC during 2016. The Organization received \$9,000 in rental income from Crescent City Codes, LLC in 2015.

**Note 4. Grants (Financial Assistance)**

The Organization has been awarded grants from the U.S. Department of Health and Human Services to provide counseling services to residents. Revenue from grants is recognized when earned and expenses are recognized as incurred.

**Crescent City WIC Services, Inc.**  
**Notes To Financial Statements**  
For The Years Ended December 31, 2016 And 2015

**Note 5. Concentrations**

The receipt of future revenues by the Organization is subject to, among other factors federal and state policies affecting the health care industry. Future revenue and economic conditions are impossible to predict.

	<u>Total Revenue</u>	<u>Account Receivable</u>
WIC	30%	100%
Health Start	65%	-
Other	5%	-

**Note 6. Pension And Retirement Plan**

The Organization maintains a 401(k) Qualified Retirement Plan for the benefit of its employees. Substantially all full-time employees are covered by the plan. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 401(k) of the Internal Revenue Code. The Organization's contribution, if any, is determined by the Organization on an annual basis. The Organization's matching contribution expense for both years 2016 and 2015 was \$0.

**Note 7. Reclassification Of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. The Organization concluded that it was appropriate to classify security expense separate of total utilities, and that employee benefits be included as a separate line item on the Statements of Activities and Changes in Net Assets. For the year ended December 31, 2015, \$586 was previously classified as miscellaneous expense, and \$1,145 was previously classified as utilities.

**Note 8. Subsequent Events**

Management of the Organization has evaluated the events and transactions for potential recognition or disclosure through June 30, 2017, the date the financial statements were available to be issued.

## **Supplementary Information**

**Crescent City WIC Services, Inc.**  
Schedules Of Compensation, Benefits And Other Payments To  
Agency Head Or Chief Executive Officer  
For The Years Ended December 31, 2016 And 2015

Agency Head Name: Mary Schultheis

	<u>2016</u>	<u>2015</u>
Purpose		
Salary	\$ 125,989	\$ 117,971
Conference travel	5,162	3,894
Benefits - insurance	4,621	3,765
Reimbursements	3,506	1,334
Registration fees	950	2,180
Per diem	587	1,154
Cell phone	477	680
Special meals	<u>139</u>	<u>56</u>
 Total	 <u>\$ 141,431</u>	 <u>\$ 131,034</u>

# PEDELAHORE & CO., LLP

*Certified Public Accountants*

## **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  
Crescent City WIC Services, Inc.  
Gretna, 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 Crescent City WIC Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Crescent City WIC Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crescent City WIC Services, Inc.'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 weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Crescent City WIC Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

## **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.

This report is intended solely for the information and use of the management of Crescent City WIC Services, Inc., the Board of Directors, others within the Organization, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



June 30, 2017

New Orleans, Louisiana

**Crescent City WIC Services, Inc.**  
**Schedule Of Findings And Questioned Costs**  
Year Ended December 31, 2016

**Section I – Summary Of Auditor’s Results**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u>  x  </u> no
Significant deficiency or a combination of control deficiencies identified not considered being material weaknesses?	_____ yes <u>  x  </u> no
Noncompliance material to financial statement noted?	_____ yes <u>  x  </u> no

**Findings Related to the Financial Statements – Compliance**

No Findings

**Section II – Internal Control And Compliance Material To Federal Awards**

Not applicable

**Section III – Management Letter**

None



**Crescent City WIC Services, Inc.**  
**Summary Schedule Of Prior Year Findings**  
**Year Ended December 31, 2016**

Crescent City WIC Services, Inc. respectfully submits the following Schedule of Prior Year Audit Findings.

**Section I Internal Control and Compliance Material to the Financial Statements**

Finding 2015-1: Resolved; corrective action taken.

**Section II Internal Control and Compliance Material to Federal Awards**

None

**Section III Management Letter**

None