

**LIVE OAK MANOR VOLUNTEER
FIRE COMPANY, INC.
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2020

Camnetar & Co., CPAs
a professional accounting corporation

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Camnetar & Co., CPAs

a professional accounting corporation

2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053

504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA
Orfelinda G. Richard, CPA
Jamie G. Rogers, CPA

Members: American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Live Oak Manor Volunteer Fire Company, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Live Oak Manor Volunteer Fire Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Live Oak Manor Volunteer Fire Company, Inc. as of December 31, 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer* 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 September 30, 2021, on our consideration of the Live Oak Manor Volunteer Fire Company, 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 the effectiveness of Live Oak Manor Volunteer Fire Company, 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 Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana
September 30, 2021

FINANCIAL STATEMENTS

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents \$ 1,203,241

Total current assets 1,203,241

PROPERTY, PLANT AND EQUIPMENT, (NET) 56,903

OTHER ASSETS

Other Investment-Cash value of Life Insurance 160,000

Total other assets 160,000

TOTAL ASSETS \$ 1,420,144

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued liabilities \$ 3,904

Total current liabilities 3,904

NET ASSETS

Without donor restrictions 1,416,240

Total net assets 1,416,240

TOTAL LIABILITIES AND NET ASSETS \$ 1,420,144

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

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUE

Jefferson Parish	\$ 762,000
State insurance rebates	16,154
State supplemental pay	54,500
Grants	180,195
Miscellaneous	4,752
Interest	<u>1,331</u>

Total revenue	1,018,932
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EXPENSES

Administrative	14,372
Firefighting	<u>787,582</u>

Total expenses	<u>801,954</u>
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INCREASE IN NET ASSETS	216,978
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NET ASSETS WITHOUT DONOR RESTRICTIONS- BEGINNING OF YEAR	<u>1,199,262</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS- END OF YEAR	<u><u>\$ 1,416,240</u></u>
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The accompanying notes are an integral part of these financial statements.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 216,978
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	14,249
Decrease in accrued liabilities	<u>(190)</u>
Net cash provided by operating activities	231,037
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases/dispositions of property and equipment	-
Purchases of investment-cash value of life insurance	<u>-</u>
Net cash used in investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of note payable	<u>-</u>
Net cash used in financing activities	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	231,037
CASH AND CASH EQUIVALENTS - beginning of year	<u>972,204</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 1,203,241</u></u>

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

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Administrative</u>	<u>Firefighting</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Accounting	\$ 13,785	\$ -	\$ -	\$ 13,785
Bank charges	587	-	-	587
Depreciation	-	14,249	-	14,249
Dues and subscriptions	-	626	-	626
Equipment and gear	-	29,369	-	29,369
Fire prevention	-	1,580	-	1,580
Insurance	-	137,981	-	137,981
Medical	-	346	-	346
Miscellaneous	-	1,004	-	1,004
Office expense	-	3,799	-	3,799
Payroll taxes	-	36,462	-	36,462
Postage	-	110	-	110
Repairs-stations and vehicles	-	18,314	-	18,314
Salaries and wages	-	501,175	-	501,175
Supplies	-	6,124	-	6,124
Telephone and utilities	-	34,729	-	34,729
Training	-	313	-	313
Uniforms	-	1,401	-	1,401
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 14,372</u>	<u>\$ 787,582</u>	<u>\$ -</u>	<u>\$ 801,954</u>

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

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ACTIVITIES

Live Oak Manor Volunteer Fire Company, Inc. (a non-profit organization) was established to provide firefighting to a prescribed sector of the 7th Fire District, Parish of Jefferson. Live Oak Manor Volunteer Fire Company, Inc. received the vast majority of its financial support from the Parish of Jefferson.

A summary of the Live Oak Manor Volunteer Fire Company, Inc.'s significant accounting policies applied in the preparation of the accompanying financial statements follows.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, information regarding financial position and activities is reported according to the following net assets: net assets without restrictions and net assets with restrictions and a statement of cash flows is required. As of December 31, 2020, Live Oak Manor Volunteer Fire Company, Inc. had only unrestricted net assets.

As of January 1, 2020, the Fire Company adopted ASU No. 2018-08, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Fire Company's primary source of revenue is from its contract with the Jefferson Parish. The Fire Company has analyzed the provisions of the FASB's ASU Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes to their revenue recognition are needed to conform with the new standard.

Contributions:

During the year ended December 31, 2020, the Company adopted the requirements of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. As a result of adopting ASU 2018-08, there was no cumulative-effect adjustment to opening net assets without donor restrictions as January 1, 2020.

Source of Revenue:

Substantially all the fire department's revenue is derived from funds by the Jefferson Parish, to provide firefighting and rescue services to the designated area of the Jefferson Parish and is considered an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in Jefferson Parish. The revenue is recognized as the services are performed monthly.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

INVESTMENTS

Investment-cash value life insurance is recorded at policy's surrender value.

FUNCTIONAL EXPENSES

The costs of providing the various firefighting programs, administrative activities, and other general activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support activities based on management's estimates of time and percentages used to conduct those functions.

COMPENSATED ABSENCES

A liability has not been recorded for accumulated vacation or sick leave because it is nonvesting.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of building improvements, fire and office equipment, and furniture and fixtures with a useful life greater than 1 year are capitalized. The assets are recorded at cost or estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The asset lives range from 5 to 40 years.

DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's firefighting activities.

INCOME TAXES

The fire company is exempt from income taxes under Internal Revenue Code section 501(c) (4) as a nonprofit organization and thus these financial statements contain no provision for income taxes.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS UNDER FASB ASC 740-10

Accounting standards provide detail guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in a company's financial statements. Under accounting standards, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated its significant tax position against certain criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company's federal and state tax returns are subject to examination by taxing authorities for the years ended December 31, 2020, 2019, and 2018.

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:

Interest	\$ -
Taxes	-

ON-BEHALF PAYMENTS

Supplemental pay which is paid directly to employees of Live Oak Manor Volunteer Fire Company, Inc. by the State of Louisiana, Department of Public Safety, is recognized as revenue and salary expenses in the year in which paid. For the year ended December 31, 2020, the amount recognized as revenue and expenses was \$54,500.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Following is a schedule of cash balances in financial institutions for the year ended 12/31/2020:

	<u>Checking</u>	<u>Savings</u>	<u>Total Cash</u>	<u>Savings Rate of Interest</u>
Capital One Bank	\$442,695	\$ 178,422	\$ 621,117	0.40%
Chase Bank	20,079	261,468	281,547	0.01%
Gulf Coast Bank	300,577	-	300,577	1.00%
	<u>\$763,351</u>	<u>\$ 439,890</u>	<u>\$1,203,241</u>	

Custodial Credit Risk

Under state law, the deposits held at a fiscal agent bank (or resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. State law R.S. 39:1225 provides that the amount of security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority except of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

At December 31, 2020, the Fire Company had \$1,208,624 in deposits (collected bank balances) in three financial institutions. These deposits are secured from risk by \$250,000 of federal deposit insurance and through the Promontory Insured Cash sweep service. At December 31, 2020, \$209,545 of the Company's deposits with the financial institution were uninsured.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Cash equivalents consist of the funds in Promontory Insured Cash Sweep accounts. Insures Cash Sweep (ICS) is a trusted, tested service utilized by financial institutions across the United States. Financial institutions that use ICS benefit from the Promontory Network advantage and the confidence of knowing that ICS is endorsed by the American Bankers Association and enjoys strategic marketing alliances with key trade associations across the United States. When a customer submits funds to a Promontory Network member (Gulf Coast Bank and Trust) for placements through ICS, that institution places the funds into deposit accounts at FDIC-insured banks that are also members of the ICS Network. This occurs in increments below the standard FDIC insurance maximum (\$250,000) so that both principal and interest are eligible for FDIC insurance. By working directly with just one institution (Gulf Coast Bank and Trust), the Fire Company is able to receive FDIC coverage from many financial institutions while only working with a single bank (Gulf Coast Bank and Trust). At December 31, 2020, the Fire Company's cash equivalent bank balances held in Promontory Insured Cash Sweep accounts were \$101,577.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in the Property, Plant and Equipment during the year ended December 31, 2020:

	Balance			Balance
	<u>January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2020</u>
<u>Non Depreciable Assets</u>				
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Non Depreciable, Total	2,700	-	-	2,700
<u>Depreciable Assets</u>				
Fire Fighting Equipment	754,544	-	-	754,544
Building & Improvements	76,044	-	-	76,044
Furniture & Fixtures	66,455	-	-	66,455
Accumulated Depreciation	<u>(828,591)</u>	<u>(14,249)</u>	<u>-</u>	<u>(842,840)</u>
Depreciable Assets, Net	68,452	(14,249)	-	54,203
Net Property, Plant and Equipment	<u>\$ 71,152</u>	<u>\$ (14,249)</u>	<u>\$ -</u>	<u>\$ 56,903</u>

Depreciation expense for the year ended December 31, 2020 was \$14,249.

Property and equipment does not include fire trucks donated by the Fire Department to Jefferson Parish. The Fire Department receives subsidies from Jefferson Parish for the purchase of fire trucks, which the Fire Department donated back to the Parish.

NOTE 4 – OTHER INVESTMENTS-CASH VALUE OF LIFE INSURANCE

The Organization purchased a single premium deferred annuity contract that covers the life of a key officer of which the Organization is the beneficiary. This contract has a cash surrender value. The cash value of \$160,000 was reported to the Organization by the insurance carrier as of December 31, 2020.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – LIQUIDITY

The following reflects Live Oak Manor Volunteer Fire Company, Inc.’s financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date due to restriction to make truck note payment cash value life insurance not available within one year:

Cash and Cash Equivalents	\$ 1,203,241
Other Investment-Cash Value of Life Insurance	<u>160,000</u>
Total Financial Assets	<u>\$ 1,363,241</u>
Less:	
Amounts of cash value life insurance not available within one year	<u>(160,000)</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,203,241</u></u>

NOTE 6 – CONCENTRATION OF SUPPORT

Substantially all of the Organization’s public support is derived from funds provided by Jefferson Parish. The Organization has a contract with Jefferson Parish under which the Organization’s revenues amounted to \$778,154. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

NOTE 7 – DATE OF MANAGEMENT’S REVIEW

The Organization has evaluated subsequent events through September 30, 2021 the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
Year Ended December 31, 2020

Agency Head Name: Elvis Smith

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-Insurance	-
Benefits-Retirement	-
Benefits-other (phone allowance)	-
Dues	460
Travel	-
Registration fees	250
Conference Travel	-
	<u>\$ 710</u>

COMPLIANCE AND INTERNAL CONTROL SECTION

Camnetar & Co., CPAs

a professional accounting corporation

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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
Live Oak Manor Volunteer Fire Company, Inc.

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 the Live Oak Manor Volunteer Fire Company, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 September 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Live Oak Manor Volunteer Fire Company, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 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 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 the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-1.

We noted certain matters that we reported to management in a separate letter dated September 30, 2021.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Organization's responses were 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 suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana
September 30, 2021

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II Financial Statement Findings (Continued)

B. Significant Deficiencies

Finding 2020-1 Preparation of Financial Statements by Auditor

Condition and Criteria - The Company does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, the company has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Statement of Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. SAS 115 does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary.

Management's Response - The Company's staff is familiar with the day-to-day accounting requirements and the monthly cash basis reporting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I Financial Statement Findings

A. Issues of Non Compliance

NONE

B. Significant Deficiencies

Finding 2019-1 Preparation of Financial Statements by Auditor – The Company does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, the company has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. (Unresolved – See finding 2020-1)

Section II Management Letter

2019-2 Unsecured cash – Recommendation that the company request pledged securities or transfer the unsecured amount to several banks to be FDIC insured. (Unresolved)

**LIVE OAK MANOR VOLUNTEER FIRE COMPANY, INC.
MANAGEMENT CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section I Financial Statement Findings

A. Issues of Non Compliance

NONE

B. Significant Deficiencies

2020-1 See Section II Financial Statement Findings Significant Deficiencies Preparation of Financial Statements by Auditor Management's Response P. 16

Section II Management Letter

2020-2 Unsecured cash – At December 31, 2020, there was a substantial amount of cash which was uninsured and/or had no pledged securities. We recommend that the company request pledged securities or transfer the unsecured amount to several banks to be FDIC insured.

Management's Response - Management agrees and will transfer the unsecured amount of cash to several bank accounts to be FDIC insured.