

ACADIANA OUTREACH CENTER, INC.

Financial Report

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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To the Officers and Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 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 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 Acadiana Outreach Center, Inc. as of June 30, 2021 and 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of Acadiana Outreach Center, 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 Acadiana Outreach Center, 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 Acadiana Outreach Center, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 29, 2021

FINANCIAL STATEMENTS

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 117,038	\$ 131,492
Grants receivable	57,157	40,997
Prepaid expenses	5,238	4,944
Total current assets	179,433	177,433
Property and equipment, net	184,402	196,855
Total assets	\$ 363,835	\$ 374,288
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,300	\$ 5,497
Accrued salaries	10,827	11,847
Compensated absences	1,422	996
Unearned revenues	5,000	-
Refundable advance	52,969	52,989
Total current liabilities	72,518	71,329
Net assets:		
Without donor restrictions-		
Undesignated	291,317	302,959
Total liabilities and net assets	\$ 363,835	\$ 374,288

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Activities
For The Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions:		
Revenues -		
Grants	\$ 490,786	\$ 471,306
Contributions	108,192	34,893
In-kind donations	72,808	11,034
Investment income	296	1,840
Other income	<u>9,987</u>	<u>14,631</u>
Total unrestricted revenue	<u>682,069</u>	<u>533,704</u>
Expenses -		
Program services	<u>678,570</u>	<u>666,626</u>
Supporting services:		
Management and general	6,955	8,072
Fundraising	<u>8,186</u>	<u>8,852</u>
Total supporting services	<u>15,141</u>	<u>16,924</u>
Total expenses	<u>693,711</u>	<u>683,550</u>
Change in net assets	(11,642)	(149,846)
Net assets, beginning of year	<u>302,959</u>	<u>452,805</u>
Net assets, end of year	<u>\$ 291,317</u>	<u>\$ 302,959</u>

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2021

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related expenses	\$ 267,968	\$ 3,625	\$ 7,250	\$ 10,875	\$ 278,843
Client assistance	248,066	-	-	-	248,066
Depreciation	11,830	623	-	623	12,453
Fundraising	-	-	35	35	35
In-kind donations	72,728	-	-	-	72,728
Insurance	24,035	1,265	-	1,265	25,300
Miscellaneous	5,271	277	-	277	5,548
Office expense	7,869	414	-	414	8,283
Professional fees	26,317	-	901	901	27,218
Repairs and maintenance	4,979	263	-	263	5,242
Staff development	226	-	-	-	226
Utilities	9,281	488	-	488	9,769
Total	<u>\$ 678,570</u>	<u>\$ 6,955</u>	<u>\$ 8,186</u>	<u>\$ 15,141</u>	<u>\$ 693,711</u>

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2020

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related expenses	\$ 295,041	\$ 4,018	\$ 8,036	\$ 12,054	\$ 307,095
Client assistance	272,003	-	-	-	272,003
Depreciation	11,246	592	-	592	11,838
In-kind donations	3,659	-	-	-	3,659
Insurance	23,480	1,236	-	1,236	24,716
Miscellaneous	4,970	262	-	262	5,232
Office expense	12,144	639	-	639	12,783
Professional fees	18,459	-	816	816	19,275
Repairs and maintenance	10,498	553	-	553	11,051
Staff development	467	-	-	-	467
Utilities	14,659	772	-	772	15,431
Total	<u>\$ 666,626</u>	<u>\$ 8,072</u>	<u>\$ 8,852</u>	<u>\$ 16,924</u>	<u>\$ 683,550</u>

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Cash Flows
For The Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (11,642)	\$ (149,846)
Adjustments to reconcile change in net assets to net cash used by operating activities -		
Depreciation	12,453	11,838
Donation of equipment	-	(7,375)
Change in current assets and liabilities:		
Grants receivable	(16,160)	(2,146)
Prepaid expenses	(294)	1,535
Accounts payable	(3,197)	3,529
Accrued payroll	(1,020)	102
Compensated absences	426	(344)
Unearned revenues	5,000	-
Refundable advance	<u>(20)</u>	<u>52,989</u>
Net cash used by operating activities	(14,454)	(89,718)
Cash and cash equivalents, beginning of year	<u>131,492</u>	<u>221,210</u>
Cash and cash equivalents, end of year	<u>\$ 117,038</u>	<u>\$ 131,492</u>
Supplemental information:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Acadiana Outreach Center, Inc. (the Organization or AOC) was organized under the provisions of R.S. 1950, Title 12, Chapter 2, as amended, of the State of Louisiana on November 5, 1990. The Organization constitutes a not-for-profit corporation, organized exclusively for charitable, educational, and scientific purposes. The Acadiana Outreach Center, Inc. focuses on the needs of the poor and homeless in South Louisiana areas by providing housing and support services, emergency/transitional shelter, basic needs services, and comprehensive case management services to fight poverty and homelessness. The Organization's major programs are as follows:

Lighthouse Shelter - The Lighthouse is an emergency/transitional shelter for homeless families. The Lighthouse is a twenty-eight (28) bed facility providing case management, housing referrals, job placement assistance, life skills training, plus the basic necessities of food, shelter, and clothing.

Rapid Rehousing Programs – In 2016 Acadiana Outreach Center applied for and was granted funds from the U.S. Department of Housing and Urban Development (HUD) to provide Rapid Rehousing services for individuals and families experiencing homelessness. This program provides rental assistance, rent/utility deposit assistance, case management, and other support services.

B. 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 net assets without donor restrictions or net assets with donor restrictions.

C. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

E. Property and Equipment

Property and equipment are stated at historical cost, if purchased. Donations of property and equipment are recorded as contributions at their estimated market value. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. 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>
Buildings and improvements	7 - 39 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 years

F. Revenue/Expense Recognition and Receivables

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Grants for fee income are recorded as unrestricted net assets in the statements of activities. Grants receivable represent amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization.

An allowance for doubtful accounts is based on management's estimate of collectability of receivables based on economic conditions, experience, and other relevant factors. All receivables are deemed collectable and an allowance for doubtful accounts has not been recorded as of June 30, 2021 and 2020.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

G. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. 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 depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

H. 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*, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally three years after they are filed.

I. Compensated Absences

Vacation, personal, and sick leave are recorded as expenses of the period in which earned. Although personal and sick leave are available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon separation for all employees. At June 30, 2021 and 2020, the accrued vacation leave amounted to \$1,422 and \$996, respectively.

J. Donated Facilities, Materials, and Services

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the years ended June 30, 2021 and 2020, there were no contributed services meeting the requirements for recognition.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Various supplies were donated to be used within the programs and distributed to clients without charge. The values of in-kind contributions received during the years ended June 30, 2021 and 2020 were \$72,808 and \$11,034, respectively.

K. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year financial statements.

(2) Liquidity and Availability of Financial Assets

The Organization had \$174,195 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 \$117,038 and grants receivable of \$57,157 for the year ended June 30, 2021. The Organization had \$172,489 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 \$131,492 and grants receivable of \$40,997 for the year ended June 30, 2020. There were no donor-imposed regulations within one year of the statement of financial position date for the years ending June 30, 2021 and 2020. 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 obligations become due.

(3) Property and Equipment

Property and equipment consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 56,500	\$ 56,500
Buildings and improvements	266,280	266,280
Vehicles	46,919	46,919
Furniture, fixtures, and equipment	<u>37,704</u>	<u>37,704</u>
Total property and equipment	407,403	407,403
Less: Accumulated depreciation	<u>(223,001)</u>	<u>(210,548)</u>
Property and equipment, net	<u>\$ 184,402</u>	<u>\$ 196,855</u>

Total depreciation expense for the years ended June 30, 2021 and 2020 was \$12,453 and \$11,838, respectively.

(4) Refundable Advance

On April 24, 2020, the Organization entered into a note agreement in the amount of \$52,989 through the U.S. Small Business Administration's Paycheck Protection Program (Program). In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. Any amounts not forgiven will be repaid bearing an interest rate of 1 percent. The Organization was notified on April 28, 2021 that the loan was completely forgiven and the total amount of the loan was recognized as contribution revenue in the statement of activities.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

On January 28, 2021, the Organization entered into a note agreement in the amount of \$52,969 through the Program. As of June 30, 2021, the Organization has not received notice of forgiveness on the second loan and this amount is reported as a refundable advance on the statement of net position.

(5) 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 Acadiana Outreach Center, Inc. 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.

(6) Risk Management

The Acadiana Outreach Center, Inc. is exposed to risks of loss in the areas of health care, general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

(7) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, the Organization's cash balances were fully secured.

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

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended June 30, 2021.

(9) Change in Accounting Pronouncements

On July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively "ASU 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Organization's revenues are generated substantially from grants to provide housing and support services. The services contain a single delivery element and revenue is recognized at a single point in time when the services are provided to the public.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of July 1, 2020. Results for reporting periods beginning after July 1, 2020 are presented under ASC 606 while prior amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

(10) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements. The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

(11) 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.

(12) Subsequent Event Review

On July 16, 2021, the Organization received notification that the note agreement in the amount of \$52,969 through the U.S. Small Business Administration's Paycheck Protection Program was completely forgiven.

The Organization's management has evaluated subsequent events through October 29, 2021, the date which the financial statements were available to be issued and determined that no events have occurred that require additional disclosure.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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Victor R. Slaven, CPA* - retired 2020

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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
Acadiana Outreach Center, Inc.
Lafayette, 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 the Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 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 October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Acadiana Outreach Center, 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 Acadiana Outreach Center, 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lafayette, Louisiana
October 29, 2021

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2021

Part I. Current Year Findings and Management's Corrective Action Plan

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

There are no findings reported under this section.

Part II. Prior Year Findings

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

There are no findings reported under this section.