

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

**Financial Statements With Auditors' Report**

**As of and for the Years Ended December 31, 2019 and 2018  
With Supplemental Information Schedules**

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
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# COOK & MOREHART

*Certified Public Accountants*

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

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Quad Area Community Action Agency, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 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 misstatements, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., which statements reflect total assets at December 31, 2019 and 2018 of \$1,486,490 and \$1,525,337 respectively, and the total support and revenues for the years ended December 31, 2019 and 2018 of \$269,823 and \$260,048 respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LaPosada Apartments is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Quad Area Community Action Agency, Inc., as of December 31, 2019 and 2018, 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***

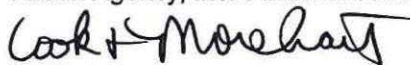
#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 19 is presented for the purpose of additional analysis and is not a required part of the financial statements of Quad Area Community Action Agency, Inc. The accompanying schedule of expenditures of federal awards, shown on pages 20 – 22, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 28, 2020, on our consideration of Quad Area Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Quad Area Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quad Area Community Action Agency, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
September 28, 2020

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Financial Position  
December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 227,682	\$ 379,096
Grant receivables	684,786	309,039
Other receivables	3,263	3,513
Prepaid expenses	14,985	14,985
Total current assets	930,716	706,633
Restricted deposits and funded reserves	248,563	243,456
Property and equipment	6,875,357	6,850,178
Accumulated depreciation	(3,666,192)	(3,518,967)
Net property and equipment	3,209,165	3,331,211
<b>Total Assets</b>	\$ 4,388,444	\$ 4,281,300
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 245,524	\$ 179,140
Accrued liabilities	158,329	155,456
Current portion of long-term debt	72,800	174,830
Refundable advances	18,950	1,963
Total current liabilities	495,603	511,389
Deposits and prepayment liabilities:		
Tenant's security deposits	5,850	5,750
Long-term debt	1,050,339	1,110,058
Total liabilities	1,551,792	1,627,197
Net assets:		
With donor restrictions	148,522	116,183
Without donor restrictions	2,688,130	2,537,920
Total net assets	2,836,652	2,654,103
<b>Total Liabilities and Net Assets</b>	\$ 4,388,444	\$ 4,281,300

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues and Other Support:			
Contractual revenue - grants	\$ 11,606,770	\$ 66,416	\$ 11,673,186
Rents	34,703		34,703
Rental assistance subsidy	255,817		255,817
Fees earned	6,662		6,662
Miscellaneous revenues	196,786	64,737	261,523
Net assets released from restrictions:			
Satisfaction of restrictions	<u>98,814</u>	<u>(98,814)</u>	
Total revenues and other support	<u>12,199,552</u>	<u>32,339</u>	<u>12,231,891</u>
Program expenses:			
Home energy assistance	4,202,681		4,202,681
Community services	976,856		976,856
Weatherization assistance	2,668,141		2,668,141
Head start program	1,226,032		1,226,032
Child care food program	192,203		192,203
Out of school youth program	89,606		89,606
Foster grandparents program	416,693		416,693
Rental housing project	184,720		184,720
VA Grant & Per Diem	487,051		487,051
Americorps	35,772		35,772
Youth Build	438,006		438,006
General services	47,020		47,020
Total program expenses	<u>10,964,781</u>		<u>10,964,781</u>
General and Administrative expenses	<u>1,084,561</u>		<u>1,084,561</u>
Total expenses	<u>12,049,342</u>		<u>12,049,342</u>
Changes in net assets	150,210	32,339	182,549
Net assets, beginning of year	<u>2,537,920</u>	<u>116,183</u>	<u>2,654,103</u>
Net assets, end of year	<u>\$ 2,688,130</u>	<u>\$ 148,522</u>	<u>\$ 2,836,652</u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2018

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Totals</u>
Revenues and Other Support:			
Contractual revenue - grants	\$ 11,178,065	\$ 73,345	\$ 11,251,410
Rents	37,106		37,106
Rental assistance subsidy	237,899		237,899
Fees earned	6,256		6,256
Miscellaneous revenues	104,554	31,325	135,879
Net assets released from restrictions:			
Satisfaction of restrictions	<u>67,737</u>	<u>(67,737)</u>	
 Total revenues and other support	 <u>11,631,617</u>	 <u>36,933</u>	 <u>11,668,550</u>
Program expenses:			
Low-income home energy assistance	3,600,906		3,600,906
Community services	1,215,493		1,215,493
Weatherization assistance	2,554,708		2,554,708
Head start program	1,215,576		1,215,576
Child care food program	173,909		173,909
Out of school youth program	29,562		29,562
Foster grandparents program	429,314		429,314
Rental housing project	180,567		180,567
VA Grant & Per Diem	513,583		513,583
Americorps	46,516		46,516
Youth Build	524,821		524,821
General services	<u>72,190</u>		<u>72,190</u>
	10,557,145		10,557,145
General and Administrative expenses	<u>1,006,707</u>		<u>1,006,707</u>
 Total expenses	 <u>11,563,852</u>		 <u>11,563,852</u>
Changes in net assets	67,765	36,933	104,698
Net assets, beginning of year	<u>2,470,155</u>	<u>79,250</u>	<u>2,549,405</u>
Net assets, end of year	<u>\$ 2,537,920</u>	<u>\$ 116,183</u>	<u>\$ 2,654,103</u>

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

Program Services

	Low-Income Home Energy Assistance	Community Services	Weatherization Assistance	Head Start Program	Child Care Food Program	Out of School Youth	Foster Grandparents Program	Rental Housing Project	VA Grant & Per Diem	Americorps	Youth Build	General Services	Total Program	General and Administrative	Total 2019
Salaries	\$ 123,162	\$ 364,257	\$ 433,914	\$ 776,655	\$ 28,850	\$ 65,845	\$ 64,050	\$	\$ 209,763	\$ 20,199	\$ 222,662	\$	\$ 2,309,357	\$ 713,645	\$ 3,023,002
Fringe benefits	28,690	83,136	88,808	165,397	4,869	9,572	9,835		36,249	5,386	41,476		473,418	129,488	602,906
Travel	7,507	11,729	27,201	52,369			2,644		7,101	1,755	6,690		116,996	3,693	120,689
Space costs	10,194	143,398		75,093		14,189		40,699	784		1,115		285,472	21,610	307,082
Telephone	14,469	28,206		10,968					12,637		13,725		80,005	4,008	84,013
Administrative														83,592	83,592
Operating and maintenance	853				1,579			63,474	37,360				103,266	568	103,834
Insurance	1,613	70,405	5,634	16,109				22,866	4,031		5,211		125,869	2,334	128,203
Equipment expenses		2,881							3,203				6,084	21,260	27,344
Supplies	4,763	45,507		45,419	24,349		6,736		23,497	5,184	16,976		172,431	19,039	191,470
Professional services and contract labor		24,753	2,259	5,785	2,400		7,340		4,375		123,777		170,689	24,441	195,130
Food and related supplies				4,305	130,156				59,392				193,853	6,342	200,195
Miscellaneous	150	48,362		26,381					2,185	3,248			80,326	19,714	100,040
Vehicle expenses									2,222		3,483		5,705	9,918	15,623
Volunteer expenses							326,088						326,088		326,088
Client assistance payments	4,009,789	154,184	2,107,717									23,905	6,295,595		6,295,595
Interest expense								6,210	28,145				34,355	4,410	38,765
Depreciation expense	1,491	38	2,608	47,551				51,471	56,107		2,891	23,115	185,272	20,499	205,771
<b>Total Expenses</b>	<b>\$ 4,202,681</b>	<b>\$ 976,856</b>	<b>\$ 2,668,141</b>	<b>\$ 1,226,032</b>	<b>\$ 192,203</b>	<b>\$ 89,606</b>	<b>\$ 416,693</b>	<b>\$ 184,720</b>	<b>\$ 487,051</b>	<b>\$ 35,772</b>	<b>\$ 438,006</b>	<b>\$ 47,020</b>	<b>\$ 10,964,781</b>	<b>\$ 1,084,561</b>	<b>\$ 12,049,342</b>

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

Program Services															
Low -income															
Home															
Energy															
Assistance	Community	Weatherization	Head	Child Care	Out of	Foster	Rental	VA Grant &			General	Total	General and	Total	
Assistance	Services	Assistance	Start	Food Program	School Youth	Grandparents	Housing	Per Diem	Americorps	Youth Build	Services	Program	Administrative	2018	
Salaries	\$ 531,446	\$ 447,968	\$ 759,576	\$ 27,228	\$ 25,743	\$ 62,033	\$	\$ 220,649	\$ 25,507	\$ 246,498	\$	\$ 2,346,648	\$ 619,113	\$ 2,965,761	
Fringe benefits	125,743	104,589	180,601	4,547	3,819	8,522		37,822	6,013	53,115		524,771	121,309	646,080	
Travel	17,123	17,775	45,820	126		4,211		13,030	1,816	3,915		103,816	7,086	110,902	
Space costs	127,414		52,587	1,168			36,893	15,754		2,602		236,418	49,104	285,522	
Telephone	33,215		10,476					15,323		16,271		75,285	7,876	83,161	
Administrative													79,569	79,569	
Operating and maintenance			6,572	3,914			65,730	43,885				120,101		120,101	
Insurance		42,307	11,371	24,611			21,357	12,713		11,929		124,288	2,214	126,502	
Equipment expenses	8,977							1,478				10,455	4,988	15,443	
Supplies	57,950	1,970,832	24,479	26,795		5,418		3,148	5,774	27,170		2,121,566	35,517	2,157,083	
Professional services and contract labor	29,300		5,174	3,000		13,197				156,780		207,451	13,695	221,146	
Food and related supplies			5,620	107,131				63,482				176,233	8,556	184,789	
Miscellaneous	1,424		47,292						7,406	1,089		57,211	24,292	81,503	
Vehicle expenses								1,073		5,452		6,525	12,631	19,156	
Volunteer expenses						335,933						335,933		335,933	
Client assistance payments	3,599,415	240,556									44,308	3,884,279		3,884,279	
Interest expense							6,584	30,521				37,105	8,918	46,023	
Depreciation expense	1,491	38	2,173	52,768			50,003	54,705			27,882	189,060	11,839	200,899	
<b>Total Expenses</b>	<b>\$ 3,600,906</b>	<b>\$ 1,215,493</b>	<b>\$ 2,554,708</b>	<b>\$ 1,215,576</b>	<b>\$ 173,909</b>	<b>\$ 29,562</b>	<b>\$ 429,314</b>	<b>\$ 180,567</b>	<b>\$ 513,583</b>	<b>\$ 46,516</b>	<b>\$ 524,821</b>	<b>\$ 72,190</b>	<b>\$ 10,557,145</b>	<b>\$ 1,006,707</b>	<b>\$ 11,563,852</b>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

Operating Activities	2019	2018
Change in net assets	\$ 182,549	\$ 104,698
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	205,771	200,899
Donation of capital assets		(26,075)
Gain on fixed asset disposal	(5,967)	
(Increase) decrease in operating assets:		
Grant receivables	(375,747)	268,591
Other receivables	250	(2,999)
Prepaid expense		(1,121)
Increase (decrease) in operating liabilities:		
Accounts payable	20,165	(171,375)
Accrued liabilities	2,873	(3,156)
Security deposit liability	99	
Refundable advances	16,987	(10,407)
Net cash provided by operating activities	46,980	359,055
 Investing Activities		
Payments for property and equipment	(31,539)	(79,274)
Net cash (used) in investing activities	(31,539)	(79,274)
 Financing Activities		
Proceeds from line of credit	95,000	190,000
Repayments of line of credit	(95,000)	(190,000)
Proceeds from long-term debt	36,224	
Repayments of long-term debt	(197,972)	(178,735)
Net cash (used) in financing activities	(161,748)	(178,735)
 Net increase (decrease) in cash	(146,307)	101,046
 Cash, cash equivalents, and restricted cash as of beginning of year	622,552	521,506
 Cash, cash equivalents, and restricted cash of end of year	\$ 476,245	\$ 622,552
 Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 227,682	\$ 379,096
Restricted cash	248,563	243,456
Cash, cash equivalents, and restricted cash, end of year	\$ 476,245	\$ 622,552
 Supplemental disclosures:		
Cash paid for interest	\$ 38,765	\$ 46,023
 Non-cash investing and financing transaction:		
Acquisition of property		
Acquisition of vehicles and equipment through act of donation	\$ 77,758	\$ 26,075
Cost of property and equipment, net of trade-ins	(36,224)	
Property and equipment loans	(9,995)	
Trade account payable	(9,995)	
Cash down payment for property and equipment	\$ 31,539	\$ 26,075

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

**Home Energy Assistance (36%)** – Operates a program designed to assist low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Community Services Block Grant (10%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Weatherization Assistance (23%)** – Weatherizes (insulates) the dwellings of low-income persons particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**Head Start Program (10%)** – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

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

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

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

**VA Grant & Per Diem (4%)** – Provides funding for acquisition and renovation of a building to create transitional housing that will provide 34 beds for homeless veterans. Funding is provided by federal funds from the Department of Veterans Affairs (VA) Homeless Providers Grant and Per Diem program.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

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

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

**Out of School Youth (OSY) (1%)** – To target high school aged children not enrolled in school and to ensure that all students have access to appropriate services based on identified needs. The program can help to determine services based on individual needs and provide a variety of services and opportunities to encourage and assist them in achieving their full potential. Funding is provided by federal funds passed through the Tangipahoa Parish Government.

**United Way (1%)** – To educate and empower disadvantaged individuals and to help lift them out of poverty to create a stronger, better community. Funding is provided by United Way and passed through the United Way of Southeast Louisiana.

**General Services (2%)** – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and by management and development fees earned through the operation of three apartment complexes.

B. Basis of Accounting

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

C. Basis of Presentation

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

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of QACAA's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of QACAA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. QACAA has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

D. Income Taxes

QACAA is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to QACAA's tax-exempt purpose is subject to taxation as unrelated business income. QACAA had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

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

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, QACAA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. QACAA had no cash equivalents during 2019 or 2018.

G. Property and Equipment

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

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

H. Contributions

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

I. Functional Allocation of Expenses

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

J. Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the rental housing project. At December 31, 2019 and 2018, this account was funded in an amount equal to the security deposit liability.

K. Rental Income

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

(2) Adoption of New Accounting Pronouncement

For the year ended December 31, 2019, QACAA adopted the Financial Accounting Standards Update (ASU) No. 2016-18 - *Not-for-Profit Entities (Topic 230): Statement of Cash Flows: Restricted Cash*. This update requires that the statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

(3) Concentrations of Credit Risk

QACAA maintains its temporary cash investments with financial institutions that are insured by the FDIC. At December 31, 2019, \$696,519 was held at financial institutions. Of this amount, \$540,117 was insured by the FDIC, and the remaining \$156,402 was uninsured. At December 31, 2018, \$726,887 was held at financial institutions. Of this amount, \$548,145 was insured by the FDIC, and the remaining \$178,742 was uninsured.

Concentrations of credit risk with respect to grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2019 and 2018, QACAA had no significant concentrations of credit risk in relation to grants receivable.

(4) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2019 and 2018, but not received until after those dates.

(5) Refundable Advances

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

(6) Net Assets

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 348,092	\$ 242,590
Net investment in property and equipment	<u>2,076,030</u>	<u>2,046,324</u>
Total undesignated net assets	<u>2,424,122</u>	<u>2,288,914</u>
Designated for Rental Housing Project	242,712	237,705
Designated for VA Grant and Per Diem Program	<u>21,296</u>	<u>11,301</u>
Total designated for use for programs	<u>264,008</u>	<u>249,006</u>
 Total net assets without donor restrictions	 <u>2,688,130</u>	 <u>2,537,920</u>
Net Assets With Donor Restrictions:		
Subject to expenditures for specified purpose -		
Restricted for Liheap program	1,994	35,428
Restricted for West Feliciana program	34,754	10,988
Restricted for Veterans program	<u>111,774</u>	<u>69,767</u>
Total net assets with donor restrictions	<u>148,522</u>	<u>116,183</u>
 Total Net Assets	 <u>\$2,836,652</u>	 <u>\$2,654,103</u>

(7) Contractual Revenue – Grants

During the years ended December 31, 2019 and 2018, QACAA received contractual revenue from federal and state grants in the amount of \$11,673,186 and \$11,251,410, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Restricted Deposits and Funded Reserves

In accordance with the loan agreement with RHS, a reserve for replacements is to be funded \$21,302 annually until the account reaches a balance of \$213,020. The required amount of reserves as of December 31, 2019 and 2018 was \$213,020 and \$192,778, respectively. The amount on hand at December 31, 2019 and 2018 was \$240,188 and \$236,627, respectively, which was funded. This amount is included in restricted deposits and funded reserves in the accompanying financial statements.

Also included in restricted deposits and fund reserves are escrow and security deposits at December 31, 2019 and 2018 of \$8,375 and \$6,829, respectively.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

(9) Liquidity and Availability of Financial Assets

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 227,682	\$ 379,096
Grant receivables	684,786	309,039
Other receivables	3,263	3,513
Cash restricted for deposits and funded reserves	<u>248,563</u>	<u>243,456</u>
Total financial assets	1,164,294	935,104
Less amounts not available to be used within one year:		
Net assets with donor restrictions	( 148,522)	( 116,183)
Less designated assets which are designated for program use	<u>( 264,008)</u>	<u>( 249,006)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 751,764</u>	<u>\$ 569,915</u>

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

In addition to financial assets available to meet general expenditures over the year, QACAA operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of QACAA's cash and shows positive cash generated by operations of \$46,980 and \$359,055 for fiscal year ending December 31, 2019 and 2018, respectively. QACAA also has a \$300,000 line of credit available to meet cash flow needs.

(Continued)



Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to the Financial Statements  
December 31, 2019 and 2018  
(Continued)

(10) Property and Equipment

An analysis of property and equipment at December 31, 2019 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Building and improvements	20 - 30 years	\$ 2,740,213	\$1,010,263	\$ 3,750,476
La Pasada Apartment buildings	30 years	2,006,299		2,006,299
Land		31,500	100,250	131,750
Idle assets		8,550	14,323	22,873
Furniture and equipment	3 - 7 years	468,125	25,998	494,123
La Pasada furniture and equipment	3 - 7 years	33,106		33,106
Vehicles	3 - 5 years	354,528	82,202	436,730
Accumulated depreciation		<u>(2,931,714)</u>	<u>(734,478)</u>	<u>(3,666,192)</u>
Net investment in property and equipment		<u>\$ 2,710,607</u>	<u>\$ 498,558</u>	<u>\$ 3,209,165</u>

Depreciation expense for the year ended December 31, 2019 was \$205,771.

An analysis of property and equipment at December 31, 2018 is as follows:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Building and improvements	20 - 30 years	\$ 2,704,463	\$1,010,263	\$ 3,714,726
La Pasada Apartment buildings	30 years	2,006,299		2,006,299
Land		67,250	100,250	167,500
Idle assets		8,550	20,616	29,166
Furniture and equipment	3 - 7 years	458,130	27,083	485,213
La Pasada furniture and equipment	3 - 7 years	33,106		33,106
Vehicles	3 - 5 years	365,089	49,079	414,168
Accumulated depreciation		<u>(2,811,657)</u>	<u>(707,310)</u>	<u>(3,518,967)</u>
Net investment in property and equipment		<u>\$ 2,831,230</u>	<u>\$ 499,981</u>	<u>\$ 3,331,211</u>

Depreciation expense for the year ended December 31, 2018 was \$200,899.

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

(11) Leases

The agency leases certain buildings and equipment under operating leases. There are no purchase options or renewal terms contained in these leases. They can each be renewed based on the mutual agreement of both parties. Rental costs on these items for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Buildings	\$ 24,200	\$ 24,400
Equipment	29,396	28,583
	\$ 53,596	\$ 52,983

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending December 30,	
2020	\$ 29,040
2021	12,400
2022	3,600
2023	3,600
	\$ 48,640

(12) Accrued Liabilities

Accrued liabilities at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Payroll liabilities	\$ 156,644	\$ 153,741
Accrued interest payable	1,685	1,715
	\$ 158,329	\$ 155,456

(13) Partnership Investments

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

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

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

(14) Long-term Debt

Long-term debt at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Note payable to a bank, due in monthly installments of \$9,621 including interest at 7.0%, secured by real estate; loan renewed February, 2015, due in monthly installments of \$8,970, including interest at 5.25%, final payment was made November 2019. Loan is also guaranteed by the U.S. Department of Agriculture for \$1,080,000 under a loan note guarantee.	\$	\$ 93,217
Note payable with a bank dated January, 2010 payable in monthly payments of principal and interest as determined by bank; interest rate of 6.75%; loan renewed February, 2015, due in monthly installments of \$4,919; interest rate 5.25%; final payment due February, 2020; secured by real estate. Note was renewed March 5, 2020 with a maturity date of March, 2025, with monthly payments of \$4,839.	485,530	524,074
Two notes payable to Rural Housing Service, due in monthly installments of \$3,150 and \$501, including interest at 1.00%, secured by real estate, final payments due October 2035.	603,743	641,314
Note payable to a bank, variable interest rate, 5.25% at December 31, 2012, due in 119 monthly payments of \$1,076.93; principle due November 26, 2022; secured by real estate. Loan was paid off in October 2019.		26,283
Note payables to a bank, interest 5.25%; payments due in monthly installments of \$695, final payments due October 2024; secured by a vehicle.	<u>33,866</u>	<u>          </u>
Total Debt	1,123,139	1,284,888
Less current installments on long-term debt	<u>( 72,800)</u>	<u>( 174,830)</u>
Non-current portion of long-term debt	<u>\$ 1,050,339</u>	<u>\$1,110,058</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Notes to Financial Statements  
December 31, 2019 and 2018  
(Continued)

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

<u>For the Year Ending December 31,</u>	<u>Approximate Amount</u>
2020	\$ 72,800
2021	80,679
2022	83,326
2023	86,097
2024	85,427
2025 – thereafter	<u>714,810</u>
	<u>\$ 1,123,139</u>

Interest expense on these notes for the years ended December 31, 2019 and 2018 was \$38,765 and \$46,023, respectively.

(15) Line of Credit

QACAA has a \$300,000 line of credit. The line of credit matured August 23, 2020, and was secured by a continuing security interest in all property. As of December 31, 2019 and 2018, there was no outstanding balance on this line of credit.

(16) Retirement Obligations

QACAA participates in a tax deferred thrift retirement plan whereby an amount up to 5% of the salary of eligible employees is contributed to interest-earning accounts or mutual funds. The funds are in the employee's name upon funding. The amounts contributed for the years ended December 31, 2019 and 2018 were \$132,026, and \$132,165, respectively.

(17) Subsequent Events

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Subsequent events have been evaluated through September 28, 2020, the date the financial statements were available to be issued.

(18) Contingency

QUAD is a defendant in a lawsuit, the ultimate outcome of which is not presently determinable. An estimate of possible loss or range of loss cannot be reasonably estimated at this time.

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2019

Agency Head: Wallace Sibley, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 155,100
Benefits - insurance	375
Benefits - retirement	7,885
Per diem	397
Reimbursements	5,443
Registration fees	1,420
Conference travel	2,647
Cell phone	1,366
Car usage	2,604

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>S. Department of Health and Human Services</u>				
Direct Programs:				
Head Start (Fy 11-30-19)	93.600	06CH010276-04-00		\$ 1,185,640
Head Start (Fy 11-30-20)	93.600	06CH010276-05-00		93,415
477 Cluster				
Passed through Louisiana Workforce Commission Community Services Block Grant	93.569	2019N0026, 2020N0026		1,310,228
Total 477 Cluster				<u>1,310,228</u>
Passed through Louisiana Housing Corporation				
Low-Income Home Energy Assistance Program	93.568	Unknown		4,458,430
Weatherization Assistance Program (Fy 6-30-19)	93.568	Unknown		1,052,501
Weatherization Assistance Program (Fy 6-30-20)	93.568	Unknown		1,146,063
Total U.S. Department of Health and Human Services				<u>9,246,277</u>
<u>S. Department of Energy</u>				
Passed through Louisiana Housing Corporation				
Weatherization Assistance Program (Fy 6-30-19)	81.042	Unknown		325,100
Weatherization Assistance Program (Fy 6-30-20)	81.042	Unknown		326,609
Total U.S. Department of Energy				<u>651,709</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>Corporation For National Service</u>				
Foster Grandparent / Senior Companion Cluster				
Direct Programs:				
Foster Grandparent Program (Fy 6-30-19)	94.011	14GXWLA001		266,144
Foster Grandparent Program (Fy 6-30-20)	94.011	14GXWLA001		186,192
Total Foster Grandparent / Senior Companion Cluster				<u>452,336</u>
Passed through YouthBuild USA				
Americorps	94.006	Unknown		<u>35,772</u>
Total Corporation For National Service				<u>488,108</u>
<u>S. Department of Agriculture</u>				
Direct Programs:				
Farm Labor Housing Loan	10.405	Unknown		603,743
Rural Rental Assistance Payment	10.427	Unknown		256,129
Passed through Louisiana Department of Education				
Child Care Food Program (Head Start)	10.558	Unknown		<u>192,203</u>
Total U.S. Department of Agriculture				<u>1,052,075</u>

(Continued)

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019  
(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Labor</u>				
Direct Programs:				
YouthBuild	17.274	YB-31075-17-60-A-22, YB-27815-15-60-A-22		<u>504,960</u>
WIOA Cluster				
Passed through Tangipahoa Parish Government				
Out of School Youth (OSY)	17.259	1-2018-2019, 1-2019-2020		<u>88,630</u>
Total WIOA Cluster				<u>88,630</u>
Total U.S. Department of Labor				<u>593,590</u>
<u>U.S. Department of Veterans Affairs</u>				
Direct Program:				
VA Homeless Providers Grant	64.024	QACA570-0163-629-SI-18-O		<u>471,292</u>
Total U.S. Department of Veterans Affairs				<u>471,292</u>
Total federal expenditures			<u>\$</u>	<u>\$ 12,503,051</u>

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of QUAD Area Community Action Agency, Inc. under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of QUAD Area Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of QUAD Area Community Action Agency, Inc.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) QUAD Area Community Action Agency, Inc. does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Loan balance outstanding at December 31, 2019, for the Farm Labor Housing Loan, CFDA #10.405, totaled \$603,743.



# COOK & MOREHART

*Certified Public Accountants*

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

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Quad Area Community Action Agency, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 28, 2020. Our report includes a reference to other auditors who audited the financial statements of LaPosada Apartments, RHS Project, a project owned by Quad Area Community Action Agency, Inc., as described in our report on Quad Area Community Action Agency, Inc.'s financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Cook & Morehart  
Certified Public Accountants  
September 28, 2020

# COOK & MOREHART

*Certified Public Accountants*

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

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

### Independent Auditor's Report

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

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

We have audited Quad Area Community Action Agency, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quad Area Community Action Agency's major federal programs for the year ended December 31, 2019. Quad Area Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***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 Quad Area Community Action Agency, Inc.'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 Regulations* 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 Quad Area Community Action Agency, Inc.'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 of Quad Area Community Action Agency, Inc.'s compliance.

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

In our opinion, Quad Area Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

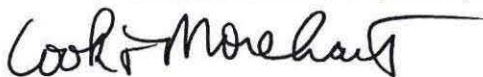
## Report on Internal Control Over Compliance

Management of Quad Area Community Action Agency, Inc. 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 Quad Area Community Action Agency, Inc.'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 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 Quad Area Community Action Agency, Inc.'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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
September 28, 2020

Quad Area Community Action Program, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2019

There were no findings for the prior year audit for the year ended December 31, 2018.

Schedule of Findings and Questioned Costs  
December 31, 2019

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : \_\_\_\_\_ yes  no  
Significant deficiencies identified : \_\_\_\_\_ yes  none reported

Noncompliance material to financial  
statements noted :

\_\_\_\_\_ yes  no

Federal Awards

Internal control over major programs :

Material weaknesses identified : \_\_\_\_\_ yes  no  
Significant deficiencies identified : \_\_\_\_\_ yes  none reported

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

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR section  
200.516(a)

\_\_\_\_\_ yes  no

Identification of major federal programs :

Low-Income Home Energy Assistance  
(Home Energy and Weatherization) CFDA #93.568

Dollar threshold used to distinguish between  
type A and type B programs : \$750,000

Auditee qualified as low risk :  yes \_\_\_\_\_ no

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

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

Quad Area Community Action Agency, Inc.  
Hammond, Louisiana  
Summary Schedule of Prior Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2019

There were no findings or questioned costs for the prior year audit period ended December 31, 2018.

Corrective Action Plan for Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2019

There are no findings or questioned costs for the current year audit period ended December 31, 2019.

# COOK & MOREHART

*Certified Public Accountants*

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

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the procedures enumerated below, which were agreed to by the Quad Area Community Action Agency, Inc. (QACAA) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. Quad Area Community Action Agency, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

QACAA provided written policies and procedures addressing all of the above.

**Board (or Finance Committee, if applicable)**

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

**Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);  
Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);  
Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.



Bank reconciliations selected did not have items that have been outstanding for more than 12 months. Except as noted below:

*Exception:* There was no indication that management had researched items that had been outstanding for more than 12 months from the statement closing date on four of the five bank accounts tested, for a total of 19 checks totaling \$4,220.

*Management's Response:* Management will review old outstanding items and follow up as deemed necessary.

### **Collections**

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

### **Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

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

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

QACAA's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except for as noted below:

*Exception:* The employee that processes payments also receives signed checks back for mailing.

*Management's Response:* All vendor payments are approved by management prior to payments being made.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties, except as noted below:

*Exception:* The employee that processes payments also receives signed checks back for mailing.

*Management's Response:* All vendor payments are approved by management prior to payments being made.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

***Travel and Expense Reimbursement***

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

***Contracts***

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

***Payroll and Personnel***

Testing not required for this area for fiscal year January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior year.

***Ethics (excluding nonprofits)***

Not applicable to nonprofit organizations.

***Debt Service (excluding nonprofits)***

Not applicable to nonprofit organizations

***Other***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Cook & Morehart  
Certified Public Accountants  
September 28, 2020