

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2020

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
MQVN Community Development Corporation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MQVN Community Development Corporation, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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 controls 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 of 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 MQVN Community Development Corporation, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited MQVN Community Development Corporation, Inc.'s 2019 financial statements, and our report dated December 4, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2021, on our consideration of MQVN Community Development Corporation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MQVN Community Development Corporation, Inc.'s internal control over financial reporting and compliance.



Metairie, Louisiana
April 12, 2021

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	<u>June 30, 2020</u>	<u>Summarized Comparative Information June 30, 2019</u>
CURRENT ASSETS		
Cash	\$ 3,831,232	\$ 3,350,655
Receivables (Notes A-11 and C)	885,203	978,538
Prepaid expenses	<u>43,594</u>	<u>50,889</u>
Total current assets	4,760,029	4,380,082
 PROPERTY AND EQUIPMENT - at cost		
(Notes A-4, D and E)	<u>2,071,029</u>	<u>2,154,707</u>
 Total assets	<u>\$ 6,831,058</u>	<u>\$ 6,534,789</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current maturities of long-term obligations	\$ 14,415	\$ 11,257
Notes payable (Note E)	330,631	-
Accounts payable and accrued expenses	<u>203,448</u>	<u>145,523</u>
Total current liabilities	548,494	156,780
 LONG - TERM OBLIGATIONS,		
Less current maturities (Note F)	<u>153,083</u>	<u>152,089</u>
Total liabilities	701,577	308,869
 NET ASSETS (Notes A-2 and G)		
Without donor restrictions	4,263,310	4,276,071
With donor restrictions	<u>1,866,171</u>	<u>1,949,849</u>
 Total net assets	<u>6,129,481</u>	<u>6,225,920</u>
 Total liabilities and net assets	<u>\$ 6,831,058</u>	<u>\$ 6,534,789</u>

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<u>Summarized Comparative Information June 30, 2019</u>
REVENUE				
Grant appropriations	\$ 1,540,170	\$ -	\$ 1,540,170	\$ 1,675,082
Health care service revenue	1,536,701	-	1,536,701	1,685,485
Sale of products	108,957	-	108,957	120,454
340B-Drug Program	113,872	-	113,872	188,942
Incentive income	33,352	-	33,352	81,625
Other	26,889	-	26,889	41,384
Net assets released from restriction	<u>83,678</u>	<u>(83,678)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>3,443,619</u>	<u>(83,678)</u>	<u>3,359,941</u>	<u>3,792,972</u>
EXPENSES				
Personnel	2,212,220	-	2,212,220	2,126,987
Travel/meetings	41,841	-	41,841	55,537
Operating services	114,831	-	114,831	96,403
Supplies	52,820	-	52,820	28,311
Professional services	138,273	-	138,273	241,175
Occupancy/Utilities	34,730	-	34,730	18,237
Health Clinic	603,308	-	603,308	564,766
Equipment/Maintenance	33,986	-	33,986	21,932
Taxes/licenses	6,601	-	6,061	5,447
Food products	115,681	-	115,681	97,535
Depreciation	96,317	-	96,317	117,523
Other expenses	<u>6,312</u>	<u>-</u>	<u>6,312</u>	<u>3,590</u>
Total Expenses	<u>3,456,380</u>	<u>-</u>	<u>3,456,380</u>	<u>3,377,443</u>
Increase in Net Assets	(12,761)	(83,678)	(96,439)	415,529
Net Assets, Beginning of Year	<u>4,276,071</u>	<u>1,949,849</u>	<u>6,225,920</u>	<u>5,810,391</u>
Net Assets, End of Year	<u>\$ 4,263,310</u>	<u>\$ 1,866,171</u>	<u>\$ 6,129,481</u>	<u>\$ 6,225,920</u>

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

		<u>Summarized Comparative Information June 30, 2019</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Grants	\$ 1,633,504	\$ 1,490,824
Health care service revenue	1,632,247	1,685,485
Other	193,117	432,405
Payments to employees and suppliers	(3,290,218)	(3,163,763)
Interest expense	<u>(4,625)</u>	<u>(5,285)</u>
Net Cash Provided by Operating Activities	164,025	439,666
Cash Flows from Investing Activities		
Property and equipment acquisitions	<u>(-)</u>	<u>(35,069)</u>
Net Cash (Used) in Investing Activities	<u>(-)</u>	<u>(35,069)</u>
Cash Flows from Financing Activities		
Proceeds from PPP Loan	330,631	-
Payments on notes and lease obligations	<u>(14,079)</u>	<u>(9,191)</u>
Net Cash Provided (Used) by Financing Activities	316,552	<u>(9,191)</u>
Net Increase in Cash and Cash Equivalents	480,577	395,406
Cash and Cash Equivalents at Beginning of Year	<u>3,350,655</u>	<u>2,955,249</u>
Cash and Cash Equivalents at End of Year	\$ <u>3,831,232</u>	\$ <u>3,350,655</u>

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

		Summarized Comparative Information <u>June 30, 2019</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase (decrease) in net assets	\$ (<u>96,439</u>)	\$ <u>415,529</u>
Adjustments to reconcile increase in net assets to net cash (used) by operating activities:		
Depreciation	96,317	117,523
Adjustment to self-pay patient revenue	5,592	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	93,335	(184,258)
Increase (decrease) in accounts payable	57,925	96,844
(Increase) decrease in prepaid expenses	<u>7,295</u>	<u>(5,972)</u>
Total adjustments	<u>260,464</u>	<u>24,137</u>
Net Cash Provided by Operating Activities	\$ <u>164,025</u>	\$ <u>439,666</u>
Supplemental cash flow information:		
Interest paid	\$ 4,625	\$ 5,285

The accompanying notes are an integral part of this statement.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

1. Nature of Activities

MQVN Community Development Corporation, Inc. began operations in July 2006. MQVN Community Development Corporation, Inc.'s (MQVN-CDC) mission is to rebuild the New Orleans East community and to contribute to the rebuilding of a more equitable New Orleans. To achieve this mission, MQVN-CDC focuses on four key strategies: facilitate community access to services and resources to rebuild their lives, organize residents to ensure they have a voice in the rebuilding process, develop affordable housing for low-income families, and promote quality health care and education as well as business development and neighborhood ethnic business district revitalization. MQVN - CDC also began operating a medical clinic in March 2013.

2. Presentation of Financial Statements

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, and the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded at their estimated fair value at the date of donation.

3. Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, also when grant services are performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Donated services are recorded at the fair value of the donated services and are recognized if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills provided by persons possessing those skills, and would need to be purchased if they were not donated.

5. Property and Equipment

MQVN Community Development Corporation, Inc. follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of the assets.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support.

Depreciation for the year ended June 30, 2020 amounted to \$96,317.

6. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

7. Estimates

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

8. Cash

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Cash deposits were maintained in three banks at June 30, 2020. The amount exceeding Federal Deposit Insurance was \$3,307,468.

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

9. Advertising Costs

Advertising costs are expensed when incurred. Advertising expense amounted to \$4,755 for the year ended June 30, 2020.

10. Fair Values of Financial Instruments

The carrying amount of cash and cash equivalents reported in the statement of financial position approximates fair value because of the short maturities of those instruments.

11. Receivables

Receivables are principally due from grants and contracts. Accordingly, the Corporation considers the receivables to be fully collectible. If amounts due become uncollectible, they will be charged to operations when that determination is made.

12. Subsequent Events

The Corporation evaluated subsequent events after June 30, 2020 through April 12, 2021, which is the date that the financial statements were available to be issued. The Corporation concluded that no material events or transactions, occurred subsequent to June 30, 2020.

13. Functional allocation of Expenses

The expenses of providing programs and other activities have been summarized on a functional basis. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

14. Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, an update for Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for Profit Entities. Under the ASU, the number of net classes are decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. The ASU was implemented for the year ended June 30, 2019.

In June, 2018, the FASB issued ASU No, 2018-08, Not-for-Profit Entities (Topic 958), clarifying the scope and accounting guidance for Contributions Received and Contributions Made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for fiscal periods beginning after December 15, 2018. The ASU was implemented for the year ended June 30, 2020.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

14. Recently Issued Accounting Standards - Continued

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to improve the consistency of revenue recognition practices across industries for economically similar transactions. The core principle is that an entity recognizes revenue for goods or services to customers in an amount that reflects the consideration it expects to receive in return. This ASU will be effective for the year ending June 30, 2021.

In February 2016, the FASB issued ASU 2016-2, Leases. The ASU changes the accounting for leases, primarily by the recognition of lease assets and lease liabilities by leases for leases classified as operating leases under current GAAP. This ASU will be effective for the year ending June 30, 2023.

15. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2019, from which the summarized information is derived.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation has the ability to structure its financial assets to be able to meet its cash needs for expenditures within one year of the date of the statement of financial position.

Cash	\$ 3,831,232
Receivables	885,203
Prepaid expenses	<u>43,594</u>
	<u>\$ 4,760,029</u>

The Corporation's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE C - RECEIVABLES

Receivables at June 30, 2020, consist of the following:

	<u>Receivables</u>	<u>Revenue</u>
Aledade	\$ 4,375	\$ 7,679
Athena	133,517	1,450,878
Health Resources & Services Admin (HRSA H80C)	560,141	1,267,866
Health Resources & Services Admin (HRSA-H8C)	42,330	42,330
Health Resources & Services Admin (HRSA-H8D)	72,676	72,676
Louisiana Breast & Cervical Health Program (LBCHP)	10,680	78,163
United Way	-	25,299
VEGGI	30,961	134,748
LSUHSC-LCHP	19,918	19,918
LSU Colorectal Program (LCHP)	8,777	16,000
340B-Drug Program	-	113,873
Impact Study-Tulane	1,520	8,173
Incentive Income	-	33,352
National Fish and Wildlife	-	32,803
Other	308	56,183
	<u>\$ 885,203</u>	<u>\$ 3,359,941</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2020.

Land	\$ 204,858
Building	2,118,739
Building equipment	11,142
Medical equipment	347,755
Office equipment	74,175
VEGGI equipment	21,142
	<u>2,777,811</u>
Less accumulated depreciation/amortization	<u>706,782</u>
	<u>\$ 2,071,029</u>

Office equipment recorded under a capital lease amounted to \$12,639.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE E - NOTES PAYABLE

Payroll Protection Program (PPP) loan under the CARES Act. On February 12, 2021, the Small Business Administration declared that the PPP loan qualified for full forgiveness. \$ 330,631

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

Note payable, collateralized by property at 13085 Chef Menteur Highway New Orleans, payable \$1,206 per month, and expiring May 1, 2024. The interest rate is variable, at June 30, 2020 it was 5.50% \$ 56,684

Note payable to a funding agency which was funded with proceeds received by the lender under an agreement with the State of Louisiana through the CDBG disaster recovery program. The note is uncollateralized and non-interest bearing, and was due December 31, 2020. The maturity date has been extended to December 31, 2021. 99,903

Capital lease obligation, payable \$263 per month with interest at 9.15%, and expiring August 4, 2024. 10,911
167,498

Less current portion (14,415)

Note payable, less current portion \$ 153,083

Maturities on long-term obligations, including lease payments, for the following years ending:

June 30, 2021	\$ 14,415
June 30, 2022	115,510
June 30, 2023	16,898
June 30, 2024	20,154
June 30, 2025	<u>521</u>
	\$ <u>167,498</u>

Interest expense for the year was \$4,625.
Lease expense for the year was \$2,633.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of the following at June 30, 2020.

Property and equipment	\$ <u>1,866,171</u>
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Releases from donor restricted net assets for 2020 are as follows:

Releases from restrictions:	
Property and equipment	\$ <u>83,678</u>

NOTE H - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

MQVN Community Development Corporation, Inc. has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. MQVN Community Development Corporation, Inc. does not believe its financial statements include any uncertain tax positions.

NOTE I - FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 2020 are as follows:

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total</u>
Personnel	\$ 1,179,985	\$ 1,032,235	\$ 2,212,220
Travel/meetings	81	41,760	41,841
Operating services	7,626	107,205	114,831
Supplies	27,927	24,893	52,820
Professional services	60,991	77,282	138,273
Occupancy/Utilities	872	33,858	34,730
Health Clinic	208,886	394,422	603,308
Equipment/Maintenance	11,609	22,377	33,986
Taxes/licenses	-	6,061	6,061
Food products	115,681	-	115,681
Depreciation	-	96,317	96,317
Other expenses	-	6,312	6,312
Total	\$ <u>1,613,658</u>	\$ <u>1,842,722</u>	\$ <u>3,456,380</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE J - EMPLOYEE BENEFIT PLAN

The Corporation sponsors a 403(b) defined benefit plan, which has an option to make discretionary matching contributions. The plan provides for voluntary salary deferrals for employees that have worked 1,000 hours in a specified 12-month period. For the year ended June 30, 2020, the Corporation did not make contributions to the plan.

NOTE K - CLASSIFICATION OF ACCOUNTS

Certain prior year accounts have been reclassified to agree to the current year presentation.

NOTE L - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

NOTE M - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue through governmental and other grants. The grant amounts are appropriated each year. If significant budget cuts are made, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

Approximately 46% of the corporation's support for the year ended June 30, 2020 was provided by grants.

SUPPLEMENTAL INFORMATION

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF ACTIVITIES - HEALTH CENTER
Year Ended June 30, 2020

	<u>HRSA NAP</u>	<u>LBCHP</u>	<u>General & Administrative</u>	<u>Total</u>
Revenue				
Government grants	\$ 1,382,872	\$ -	\$ -	\$ 1,382,872
Grants - other	-	-	53,431	53,431
Program Fees Income	-	-	7,679	7,679
Donations	-	-	1,000	1,000
Service fees	-	78,163	1,458,538	1,536,701
Incentive income	-	-	33,352	33,352
340B-Drug Program	-	-	113,872	113,872
Other Income	-	-	1,890	1,890
Total	<u>1,382,872</u>	<u>78,163</u>	<u>1,669,762</u>	<u>3,130,797</u>
Expenses				
Personnel	1,086,667	16,027	973,937	2,076,631
Travel/Meetings	81	-	41,273	41,354
Operating Services	4,422	-	101,871	106,293
Supplies	27,411	-	24,881	52,292
Professional services	49,157	-	53,679	102,836
Occupancy	-	-	33,370	33,370
Health Clinic	206,592	2,294	394,422	603,308
Other Expenses	-	-	6,294	6,294
Equipment/maintenance	8,542	-	22,377	30,919
Taxes/Licenses	-	-	6,061	6,061
Depreciation & Amortization	-	-	96,317	96,317
Total	<u>1,382,872</u>	<u>18,321</u>	<u>1,754,482</u>	<u>3,155,675</u>
Increase (Decrease)				
in Net Assets	-	59,842	(84,720)	(24,878)
Transfers to General & Administrative	-	(59,842)	59,842	-
Property/equipment capitalized	-	-	-	-
Net Assets, Beginning of Year	-	-	5,958,572	5,958,572
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,933,694</u>	<u>\$ 5,933,694</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF ACTIVITIES - Community Development
Year Ended June 30, 2020

	<u>NFWF</u>	<u>United Way</u>	<u>VEGGI</u>	<u>General & Administrative</u>	<u>Total</u>
Revenue					
Grants - other	\$ 32,803	\$ 25,299	\$ 10,000	\$ 35,765	\$ 103,867
Program fees	-	-	15,792	-	15,792
Donations	-	-	-	261	261
Sales of product	-	-	108,957	-	108,957
Other income	-	-	-	267	267
Total	<u>32,803</u>	<u>25,299</u>	<u>134,749</u>	<u>36,293</u>	<u>229,144</u>
Expenses					
Personnel	20,969	25,299	31,023	58,298	135,589
Travel/Meetings	-	-	-	487	487
Operating Services	-	-	3,204	5,334	8,538
Supplies	-	-	516	12	528
Professional Services	11,834	-	-	23,603	35,437
Occupancy	-	-	872	488	1,360
Food Production	-	-	115,681	-	115,681
Other Expenses	-	-	-	18	18
Equipment/Maintenance	-	-	3,067	-	3,067
Total	<u>32,803</u>	<u>25,299</u>	<u>154,363</u>	<u>88,240</u>	<u>300,705</u>
Increase (Decrease)					
in Net Assets	-	-	(19,614)	(51,947)	(71,561)
Transfers to Operating	-	-	19,614	(19,614)	-
Net Assets, Beginning	-	-	-	267,348	267,348
of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,348</u>	<u>267,348</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,787</u>	<u>\$ 195,787</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - HEALTH CENTER
Year Ended June 30, 2020

	<u>HRSA NAP</u>	<u>LBCHP</u>	<u>General & Administrative</u>	<u>Total</u>
Personnel				
Staff salaries	\$ 562,993	\$ 14,691	\$ 618,381	\$ 1,196,065
Officers and Directors	238,986	-	211,143	450,129
Payroll taxes	58,782	1,328	64,989	125,099
Health insurance	45,717	8	55,065	100,790
Obstetrician/Gynecologist	60,233	-	11,970	72,203
Psychiatry services	118,116	-	12,389	130,505
Allergy services	1,840	-	-	1,840
	<u>1,086,667</u>	<u>16,027</u>	<u>973,937</u>	<u>2,076,631</u>
Travel/Meetings				
Staff development & training	81	-	30,042	30,123
Meeting costs	-	-	6,572	6,572
Conference & Registration	-	-	2,470	2,470
Travel	-	-	2,189	2,189
	<u>81</u>	<u>-</u>	<u>41,273</u>	<u>41,354</u>
Operating Services				
Insurance	-	-	38,570	38,570
IT Support	-	-	10,410	10,410
Telephone & Internet	4,422	-	24,001	28,423
Recruitment & Retention	-	-	11,027	11,027
Advertising & Marketing	-	-	4,755	4,755
Payroll & bank service fees	-	-	13,108	13,108
	<u>4,422</u>	<u>-</u>	<u>101,871</u>	<u>106,293</u>
Supplies				
Postage	-	-	3,088	3,088
Office supplies	27,411	-	21,793	49,204
	<u>27,411</u>	<u>-</u>	<u>24,881</u>	<u>52,292</u>
Professional services				
Accounting/Auditing	-	-	22,020	22,020
Professional services	1,157	-	29,359	30,516
Consultant	48,000	-	2,300	50,300
	<u>49,157</u>	<u>-</u>	<u>53,679</u>	<u>102,836</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - HEALTH CENTER
Year Ended June 30, 2020 - Continued

	<u>HRSA NAP</u>	<u>LBCHP</u>	<u>General & Administrative</u>	<u>Total</u>
Occupancy				
Rent	-	-	16,500	16,500
Utilities	-	-	16,870	16,870
	<u>-</u>	<u>-</u>	<u>33,370</u>	<u>33,370</u>
Health Clinic				
Pharmaceuticals	-	-	3,004	3,004
340B Drug Program	-	-	113,122	113,122
Lab Fees	37,894	-	4,162	42,056
Professional medical services	7,887	-	45,476	53,363
Professional dues & subscriptions	18,562	-	53,622	72,184
Medical supplies	78,999	2,294	96,930	178,223
Medical licensees/permits	-	-	2,970	2,970
Coding, Billing, & Collection services	63,250	-	75,136	138,386
	<u>206,592</u>	<u>2,294</u>	<u>394,422</u>	<u>603,308</u>
Other Expenses				
Other Expenses	-	-	5,358	5,358
Fees & Penalties	-	-	936	936
	<u>-</u>	<u>-</u>	<u>6,294</u>	<u>6,294</u>
Equipment/maintenance				
Repair & Maintenance	-	-	11,188	11,188
Office equipment	8,542	-	11,189	19,731
	<u>8,542</u>	<u>-</u>	<u>22,377</u>	<u>30,919</u>
Taxes/Licenses				
Interest expense	-	-	5,004	5,004
Licenses & Permits	-	-	1,001	1,001
Taxes, Filing, & Licenses	-	-	56	56
	<u>-</u>	<u>-</u>	<u>6,061</u>	<u>6,061</u>
Depreciation & Amortization				
Depreciation expense - Clinic	-	-	63,804	63,804
Depreciation expenses - medical equip	-	-	32,513	32,513
	<u>-</u>	<u>-</u>	<u>96,317</u>	<u>96,317</u>
Total	<u><u>\$ 1,382,872</u></u>	<u><u>\$ 18,321</u></u>	<u><u>\$ 1,754,482</u></u>	<u><u>\$ 3,155,675</u></u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - Community Development
Year Ended June 30, 2020

	<u>NFWF</u>	<u>United Way</u>	<u>VEGGI</u>	<u>General & Administrative</u>	<u>Total</u>
Personnel					
Staff salaries	\$ 12,318	\$ 23,493	\$ 28,743	\$ 22,270	\$ 86,824
Officers & Directors	-	-	-	25,000	25,000
Urban Farm Project Manager	2,050	-	-	2,110	4,160
Payroll taxes	998	1,806	2,280	3,587	8,671
Health insurance	5,603	-	-	5,331	10,934
	<u>20,969</u>	<u>25,299</u>	<u>31,023</u>	<u>58,298</u>	<u>135,589</u>
Travel/Meetings					
Travel	-	-	-	487	487
	<u>-</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>487</u>
Operating Services					
Bank Service Charges	-	-	55	-	55
Insurance	-	-	1,053	2,644	3,697
IT Support	-	-	146	144	290
Telephone & Internet	-	-	-	1,743	1,743
Payroll & Bank service fees	-	-	1,950	803	2,753
	<u>-</u>	<u>-</u>	<u>3,204</u>	<u>5,334</u>	<u>8,538</u>
Supplies					
Supplies & Materials	-	-	456	-	456
Postage	-	-	22	-	22
Office Supplies	-	-	38	12	50
	<u>-</u>	<u>-</u>	<u>516</u>	<u>12</u>	<u>528</u>
Professional Services					
Accounting/Auditing	-	-	-	5,100	5,100
Professional services	10,337	-	-	-	10,337
Consultants	1,497	-	-	18,503	20,000
	<u>11,834</u>	<u>-</u>	<u>-</u>	<u>23,603</u>	<u>35,437</u>
Occupancy					
Rent	-	-	872	-	872
Utilities	-	-	-	488	488
	<u>-</u>	<u>-</u>	<u>872</u>	<u>488</u>	<u>1,360</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC
COMBINED STATEMENT OF EXPENSES - Community Development
Year Ended June 30, 2020 - Continued

	<u>NFWF</u>	<u>United Way</u>	<u>VEGGI</u>	<u>General & Administrative</u>	<u>Total</u>
Food Production					
Urban Agriculture	-	-	6,044	-	6,044
Purchases for resale	-	-	72,167	-	72,167
Soy for resale	-	-	32,501	-	32,501
Delivery	-	-	4,969	-	4,969
	<u>-</u>	<u>-</u>	<u>115,681</u>	<u>-</u>	<u>115,681</u>
Other Expenses					
Other Expenses	-	-	-	18	18
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Equipment/Maintenance					
Repair & Maintenance	-	-	2,917	-	2,917
Office equipment	-	-	150	-	150
	<u>-</u>	<u>-</u>	<u>3,067</u>	<u>-</u>	<u>3,067</u>
Total	<u>\$ 32,803</u>	<u>\$ 25,299</u>	<u>\$ 154,363</u>	<u>\$ 88,240</u>	<u>\$ 300,705</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2020

Agency Head Name: Diem Nguyen

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 154,904
Benefits, insurance	6,331
Reimbursements	<u>77,459</u>
	<u>\$ 238,694</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR END</u>	<u>FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Health Resources and Services Administration (HRSA)			
Health Center - H 80	93.224	01/31/2021	\$ 727,686
Health Center - H 80	93.224	01/31/2022	540,180
Health Center - H 8C	93.224	01/31/2021	42,330
Health Center - H 8D	93.224	03/31/2021	72,676
Health Center - H 8E	93.224	04/30/2021	<u> -</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ <u>1,382,872</u>
TOTAL FEDERAL AWARDS			\$ <u>1,382,872</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of MQVN Community Development Corporation, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Par 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 MQVN Community Development Corporation, Inc. it is not intended to and does not present the financial position, changes in net assets or cash flow of MQVN Community Development Corporation, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. Indirect Cost Rate

MQVN Community Development Corporation, Inc. has not elected to use the 10% de minimis indirect cost rate.

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

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

To the Board of Directors
MQVN Community Development Corporation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of MQVN Community Development Corporation, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered MQVN Community Development Corporation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MQVN Community Development Corporation, 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 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 that might be deficiencies, significant deficiencies or material weaknesses. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MQVN Community Development Corporation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
April 12, 2021

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

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

To the Board of Directors
MQVN Community Development Corporation, Inc.

Report on Compliance for Each Major Federal Program

We have audited MQVN Community Development Corporation, 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 MQVN Community Development Corporation, Inc.'s major federal programs for the year ended June 30, 2020. MQVN Community Development Corporation, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MQVN Community Development Corporation, 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform standards 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 MQVN Community Development Corporation, 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 MQVN Community Development Corporation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion MQVN Community Development Corporation, 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 June 30, 2020.

Report on Internal Control Over Compliance

Management of MQVN Community Development Corporation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance of requirements referred to above. In planning and performing our audit of compliance, we considered MQVN Community Development Corporation, 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 to the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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 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 that might be deficiencies, significant deficiencies or material weaknesses. 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.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Metairie, Louisiana
April 12, 2021

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2020

A. SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? ___ yes X no

The programs tested as major programs included:

U. S. Department of Health and Human Services
Health Resources and Services Administration

(HRSA) Health Center (CFDA #93.224)

The threshold for distinguishing Type A and Type B programs was \$750,000.

Auditee qualified as a low-risk auditee? ___ yes X no

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2020.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no items identified in the course of our testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.