

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Financial Report
Year Ended June 30, 2021

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KOLDER, SLAVEN & COMPANY, LLC

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Mr. Lyndon Livingston, Executive Director, and
Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen Action Agency, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. The combining statement of financial position and schedule of grant revenue are presented for purposes of additional analysis and are 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 December 29, 2021, on our consideration of the Allen 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 the effectiveness of Allen 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 Allen Action Agency, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 29, 2021

FINANCIAL STATEMENTS

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Financial Position
June 30, 2021

ASSETS

Current assets:	
Cash	\$ 168,480
Grant receivable	<u>7,054</u>
Total current assets	175,534
Property and equipment, net	666,530
Other assets	<u>225</u>
Total assets	<u>\$ 842,289</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 11,669
Accrued salaries and related benefits	15,758
Deferred revenue	<u>32,843</u>
Total liabilities	<u>60,270</u>
Net assets:	
With donor restrictions	67,240
Without donor restrictions	<u>714,779</u>
Total net assets	<u>782,019</u>
Total liabilities and net assets	<u>\$ 842,289</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Government grants	\$ -	\$ 1,595,291	\$ 1,595,291
Local grants	99,074	13,110	112,184
Donated services and facilities	-	312,385	312,385
Net assets released from restrictions	<u>1,881,356</u>	<u>(1,881,356)</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,980,430</u>	<u>39,430</u>	<u>2,019,860</u>
Expenses:			
Program services -			
Energy Assistance Programs	39,245	-	39,245
Emergency Food Shelter Programs	20,445	-	20,445
Local grants	60,115	-	60,115
Food services	88,005	-	88,005
Head Start Program	<u>1,628,422</u>	<u>-</u>	<u>1,628,422</u>
Total program services	1,836,232	-	1,836,232
Support services -			
Management and general -			
Community Services Block Grant	<u>105,239</u>	<u>-</u>	<u>105,239</u>
Total expenses	<u>1,941,471</u>	<u>-</u>	<u>1,941,471</u>
Change in net assets	38,959	39,430	78,389
Net assets, beginning	<u>28,281</u>	<u>675,349</u>	<u>703,630</u>
Net assets, ending	<u>\$ 67,240</u>	<u>\$ 714,779</u>	<u>\$ 782,019</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

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

	Program Services				Head Start Program	Total Program Services	Support Services	Totals
	Energy Assistance Grants	Emergency Food & Shelter Grants	Local Grants	Food Services Program			Management and General	
Salaries	\$ 17,264	\$ -	\$ 6,298	\$ 26,272	\$ 670,383	\$ 720,217	\$ 70,552	\$ 790,769
Payroll taxes	1,321	-	601	-	62,749	64,671	5,462	70,133
Retirement	1,128	-	-	-	13,863	14,991	2,969	17,960
Total salaries and related expenses	19,713	-	6,899	26,272	746,995	799,879	78,983	878,862
Dues	-	-	373	-	2,224	2,597	-	2,597
Energy assistance	2,853	-	-	-	-	2,853	-	2,853
Food and nutrition	6,569	20,445	-	61,733	14,832	103,579	9,320	112,899
Insurance	289	-	-	-	62,377	62,666	471	63,137
Interest expense	-	-	-	-	588	588	-	588
Contributed services and facility costs	-	-	-	-	312,385	312,385	-	312,385
Medical and dental	-	-	-	-	6,603	6,603	-	6,603
Miscellaneous	-	-	14,694	-	87,038	101,732	824	102,556
Other occupancy	3,673	-	19,000	-	48,970	71,643	-	71,643
Parent involvement	-	-	-	-	1,087	1,087	-	1,087
Printing and advertising	-	-	300	-	443	743	535	1,278
Professional fees	1,000	-	-	-	28,800	29,800	2,244	32,044
Rent assistance	-	-	-	-	-	-	5,696	5,696
Repairs and maintenance	-	-	-	-	89,584	89,584	-	89,584
Seminars and workshops	-	-	-	-	6,886	6,886	-	6,886
Supplies and materials	4,017	-	16,170	-	63,731	83,918	1,963	85,881
Telephone	941	-	2,173	-	19,312	22,426	4,005	26,431
Travel	-	-	506	-	7,186	7,692	-	7,692
Utilities	190	-	-	-	38,863	39,053	1,198	40,251
Total expenses before depreciation	39,245	20,445	60,115	88,005	1,537,904	1,745,714	105,239	1,850,953
Depreciation expense	-	-	-	-	90,518	90,518	-	90,518
Total expenses	<u>\$ 39,245</u>	<u>\$ 20,445</u>	<u>\$ 60,115</u>	<u>\$ 88,005</u>	<u>\$ 1,628,422</u>	<u>\$ 1,836,232</u>	<u>\$ 105,239</u>	<u>\$ 1,941,471</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ 78,389
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	90,518
Decrease in grant receivable	7,091
Increase in accounts payable	4,020
Increase in accrued salaries and related benefits	3,453
Increase in deferred revenue	<u>30,220</u>
Net cash provided by operating activities	<u>213,691</u>
Cash flows from financing activities:	
Acquisition of capital assets	(121,908)
Payment on long term debt	<u>(20,280)</u>
Net cash used by capital and related financing activities	<u>(142,188)</u>
Increase in cash and cash equivalents	71,503
Cash and cash equivalents, beginning	<u>96,977</u>
Cash and cash equivalents, ending	<u>\$ 168,480</u>
Supplemental data:	
Interest paid	<u>\$ 588</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Head Start Program for Allen Parish. Its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds. When a restriction expires, 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.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as an organization that is not a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

I. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

(2) Subsequent Events

The Agency has evaluated subsequent events through December 29, 2021, the date which the financial statements were available to be issued.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(3) Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at June 30, 2021:	\$ 175,534
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Food Services Program	(33,044)
Energy Assistance Grants	(6,344)
Parents Fund	<u>(1,577)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 97,899</u>

As part of the Agency's liquidity management, the Agency maintains sufficient cash balances throughout the year through the receipt of grants from Federal, State, and local agencies to support the Agency's objective to conduct various community service programs, including the Head Start Program for Allen Parish, and improve the conditions under which people in the Allen Parish area live.

(4) Due To/From Other Funds

Individual programs' balance of due to and from other funds at June 30, 2021 are as follows. The following balances have been eliminated in the statement of financial position.

	Due from other funds	Due to other funds
Accounts Payable/Payroll	\$ -	\$ 13,244
Food Services	12,335	-
Energy Assistance	<u>1,915</u>	<u>1,006</u>
	<u>\$ 14,250</u>	<u>\$ 14,250</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(5) Property and equipment

Property and equipment at June 30, 2021 consisted of the following:

Land	\$ 10,039
Buildings and improvements	1,097,567
Furniture, fixtures and equipment	<u>705,568</u>
	1,813,174
Less: Accumulated depreciation	<u>(1,146,644)</u>
Property and equipment, net	<u>\$ 666,530</u>

Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2021 totaled \$90,518.

(6) Notes Payable

The Agency's note payable to Iberia Bank with an original amount of \$599,879 and an interest rate of 10.375% secured by land and a building was paid in full during the fiscal year. As of June 30, 2021, the Agency has no long-term notes payable.

(7) Deferred Revenue

Deferred revenue at June 30, 2021 in the amount of \$32,843 consists of grant funds received from LIHEAP and Emergency Food and Shelter National Board Program (United Way) in advance of expenditures which will take place in the next fiscal year.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 are restricted for specific purposes as follows:

Food programs	\$ 50,126
Head Start pre-school education	658,355
Utility assistance	<u>6,298</u>
	<u>\$ 714,779</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(9) Net Assets Released from Restrictions

Detail of net assets released from restrictions for the year ended June 30, 2021 follows:

Purpose restrictions accomplished:	
Energy Assistance Grants	\$ 39,245
Food Services Program	108,450
Head Start Program	1,628,422
Community Services Block Grant	105,239
	<u>\$ 1,881,356</u>

(10) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(11) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets, or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$312,385 for the year ended June 30, 2021.

(12) Retirement

The Agency maintains a 403(b) plan for its employees of the Head Start program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary, and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2021, 2020, and 2019 were \$17,960, \$17,655, and \$16,097, respectively.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(13) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2021.

(14) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

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

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 64,951
Retirement	5,557
Travel	1,827
Reimbursements	961
	<u>\$ 73,296</u>

(16) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services – Head Start Program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

The Agency maintains its cash balances at a local financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2021, cash balances (bank balances) were fully insured.

(17) Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Agency's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Accounts Payable/Payroll

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

Food Services Program

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Head Start locations.

Community Service Block Grant

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

Head Start Program

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

Energy Assistance Grants

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

Emergency Food and Shelter Grants (United Way)

To account for funds granted by the Emergency Food and Shelter National Board Program.

Parents Fund

To account for local funds received and generated by activities of Head Start participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combining Statement of Financial Position
June 30, 2021

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Emergency Food & Shelter Grants	Parents Fund	Total	Eliminating Entries	Total
ASSETS										
Current assets:										
Cash	\$ 90,845	\$ 33,044	\$ -	\$ -	\$ 6,344	\$ 36,670	\$ 1,577	\$ 168,480	\$ -	\$ 168,480
Grant receivable	-	4,747	802	-	1,505	-	-	7,054	-	7,054
Due from other funds	-	<u>12,335</u>	-	-	<u>1,915</u>	-	-	<u>14,250</u>	<u>(14,250)</u>	-
Total current assets	<u>90,845</u>	<u>50,126</u>	<u>802</u>	<u>-</u>	<u>9,764</u>	<u>36,670</u>	<u>1,577</u>	<u>189,784</u>	<u>(14,250)</u>	<u>175,534</u>
Property and equipment, net	-	-	-	666,530	-	-	-	666,530	-	666,530
Other assets	<u>225</u>	-	-	-	-	-	-	<u>225</u>	-	<u>225</u>
Total assets	<u>\$ 91,070</u>	<u>\$ 50,126</u>	<u>\$ 802</u>	<u>\$ 666,530</u>	<u>\$ 9,764</u>	<u>\$ 36,670</u>	<u>\$ 1,577</u>	<u>\$ 856,539</u>	<u>\$ (14,250)</u>	<u>\$ 842,289</u>
LIABILITIES AND NET ASSETS										
Liabilities -										
Current liabilities:										
Accounts payable	\$ 4,530	\$ -	\$ 802	\$ -	\$ 3	\$ 6,284	\$ 50	\$ 11,669	\$ -	\$ 11,669
Accrued salaries and related benefits	7,583	-	-	8,175	-	-	-	15,758	-	15,758
Due to other funds	13,244	-	-	-	1,006	-	-	14,250	(14,250)	-
Deferred revenue	-	-	-	-	<u>2,457</u>	<u>30,386</u>	-	<u>32,843</u>	-	<u>32,843</u>
Total liabilities	<u>25,357</u>	<u>-</u>	<u>802</u>	<u>8,175</u>	<u>3,466</u>	<u>36,670</u>	<u>50</u>	<u>74,520</u>	<u>(14,250)</u>	<u>60,270</u>
Net assets:										
Without donor restrictions	65,713	-	-	-	-	-	1,527	67,240	-	67,240
With donor restrictions	-	<u>50,126</u>	-	<u>658,355</u>	<u>6,298</u>	-	-	<u>714,779</u>	-	<u>714,779</u>
Total net assets	<u>65,713</u>	<u>50,126</u>	<u>-</u>	<u>658,355</u>	<u>6,298</u>	<u>-</u>	<u>1,527</u>	<u>782,019</u>	<u>-</u>	<u>782,019</u>
Total liabilities and net assets	<u>\$ 91,070</u>	<u>\$ 50,126</u>	<u>\$ 802</u>	<u>\$ 666,530</u>	<u>\$ 9,764</u>	<u>\$ 36,670</u>	<u>\$ 1,577</u>	<u>\$ 856,539</u>	<u>\$ (14,250)</u>	<u>\$ 842,289</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Grant Revenue
For the Year Ended June 30, 2021

LIHEAP/LACAP	\$ 38,894
Food Services Program	63,728
Community Services Block Grant	105,239
Head Start Program	1,366,985
Emergency Food and Shelter Program	<u>20,445</u>
	<u>\$ 1,595,291</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Mr. Lyndon Livingston, Executive Director
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, 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 Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen 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 test 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 29, 2021

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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

Mr. Lyndon Livingston, Executive Director,
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on Compliance for the Major Federal Program

We have audited Allen 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 the Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2021. Allen Action Agency, Inc.'s major federal program is 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 Allen Action Agency, Inc.'s major federal program 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 Allen 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 the major federal program. However, our audit does not provide a legal determination of Allen Action Agency, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Allen 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 its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Allen 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 Allen Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Allen 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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 29, 2021

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Expenditures
U. S. Department of Health and Human Services:		
Head Start Cluster -		
Head Start Program	93.600	\$ 1,182,338
Head Start Program - COVID-19	93.600	<u>184,647</u>
Total Head Start Cluster		<u>1,366,985</u>
Passed through Louisiana Housing Finance Agency -		
Low-Income Home Energy Assistance	93.568	32,765
Low-Income Home Energy Assistance - COVID-19	93.568	<u>6,129</u>
Total Assistance Listing Number 93.568		<u>38,894</u>
Passed through the Louisiana Department of Labor -		
477 Cluster -		
Community Service Block Grant	93.569	63,728
Community Service Block Grant - COVID-19	93.569	<u>41,511</u>
Total 477 Cluster		<u>105,239</u>
Total Department of Health and Human Services		<u>1,511,118</u>
U. S. Department of Agriculture:		
Passed through Louisiana Department of Education -		
Child and Adult Care Food Program	10.558	<u>63,728</u>
U.S. Department of Homeland Security:		
Passed through United Way -		
Emergency Food and Shelter Program	97.024	15,556
Emergency Food and Shelter Program - COVID-19	97.024	<u>4,889</u>
Total Assistance Listing Number 97.024		<u>20,445</u>
Total expenditures of federal awards		<u>\$ 1,595,291</u>

The accompanying notes are an integral part of this schedule.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2021. 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 the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, 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 reimbursement.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$ 1,941,471
Add: Principal note payments	20,280
Equipment additions	121,908
Less: In-kind contributions	(312,385)
Depreciation	(90,518)
Non-federal expense	<u>(85,465)</u>
Total expenditures per schedule of federal awards	<u>\$ 1,595,291</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I. Summary of Auditor's Results

<i>Financial Statements</i>			<u>Type of Opinion</u>
1. Type of auditor's opinion issued on financial statements:			Unmodified
2. Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
3. Noncompliance material to the financial statements?	_____ yes	_____ <input checked="" type="checkbox"/> no	
<i>Federal Awards</i>			
4. Internal control over major federal programs:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
5. Major programs and type of auditor's report issued:			
Assistance			
Listing			
Number	<u>Federal Agency and Name of Major Program</u>		<u>Type of Opinion</u>
93.600	<u>U.S. Department of Health and Human Services</u> Head Start Program		Unmodified
6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?	_____ yes	_____ <input checked="" type="checkbox"/> no	
7. Threshold for distinguishing type A and B programs?			<u>\$ 750,000</u>
8. Qualified as a low-risk auditee?	_____ <input checked="" type="checkbox"/> yes	_____ no	
<i>Other</i>			
9. Management letter issued?	_____ yes	_____ <input checked="" type="checkbox"/> no	

Part II. Findings reported in accordance with Government Auditing Standards

No findings reported under this section

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance

No findings reported under this section