

ADAPT, INC.

Bogalusa, Louisiana

**Financial Statements
For the Year Ended
December 31, 2020**

MINDA B. RAYBOURN

Certified Public Accountant

**820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438**

Adapt, Inc.
Bogalusa, Louisiana

Financial Statements
As of and for the Year Ended
December 31, 2020
With Supplemental Information Schedule

C O N T E N T S

Independent' Auditor's Report	3
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	15
Schedule of Board Members	16
Schedule of Compensation, Benefits, and Other Payments to Agency Head	17
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 <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21
Summary of Findings and Questioned Costs	24
Current Year Findings and Questioned Costs	25
Corrective Action Plan	27
Summary of Prior Year Findings and Responses	28

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I have audited the accompanying financial statements of Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adapt, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Supplementary Information

My 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 schedule of board members and schedule of compensation, benefits, and other payments paid to the agency head 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 my 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*, I have also issued my reported dated November 22, 2021 on my consideration of Adapt, Inc.'s internal control over financial reporting and on my tests of its compliance with certain laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing, and not 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 Adapt Inc.'s internal control over financial reporting and compliance.



Minda Raybourn CPA

Franklinton, LA

November 22, 2021

ADAPT, INC.

Statement of Financial Position

As of December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$	234,665
Grant receivables		173,226
Property and equipment, net		<u>224,521</u>

Total Assets 632,412

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable		-
Note payable		<u>29</u>

Total Liabilities 29

Net Assets:

With donor restrictions		173,226
Without donor restrictions		<u>459,157</u>

Total Net Assets 632,383

Total Liabilities and Net Assets \$ 632,412

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

ADAPT, INC.

Statement of Activities

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
REVENUES AND OTHER SUPPORT			
Public Support			
Grants			
Victim's Assistance Program	\$ -	\$ 341,818	\$ 341,818
Partnership for Success	-	8,838	8,838
Project YOU		302,083	302,083
Sexual assault program	-	35,173	35,173
Substance abuse	-	106,000	106,000
Rape Prevention		52,111	52,111
Drug Free Communities	-	113,437	113,437
Heart Ahead Heart Smart	-	27,500	27,500
Addictive disorder/Life Skills Training	-	133,018	133,018
In-Kind Donations	95,834		95,834
United Way proceeds	-	25,372	25,372
Donations	3,112	-	3,112
Service and fee Revenue			
Drug screening fees	12,745	-	12,745
Counseling fees	5,837	-	5,837
Rent	9,450	-	9,450
Other Revenue	1,140	-	1,140
Net assets released from restrictions	1,145,350	(1,145,350)	-
Total revenues and other support	1,273,468	-	1,273,468
EXPENSES			
Program services	1,136,459	-	1,136,459
Supporting services:			
Management and general	45,660	-	45,660
Fundraising	-	-	-
Total support services	45,660	-	45,660
Total expenses	1,182,119	-	1,182,119
Change in net assets from operations	91,349	-	91,349
Nonoperating activities			
Interest Income	314	-	314
Total nonoperating activities	314	-	314
Change in net assets	91,663	-	91,663
Net assets, beginning of year	540,720	-	540,720
Net assets, end of year	\$ 632,383	\$ -	\$ 632,383

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

ADAPT, INC.

Statement of Functional Expenses

For the year ended December 31, 2020

	Program Services	Management & General	Total
Salaries & Payroll Taxes	482,647	29,487	512,134
Payroll Taxes	36,923	4,415	41,337
Advertising	23,361		23,361
Fringe Benefits	8,057		8,057
Professional Services	9,383		9,383
Consultants	142,805		142,805
Counselors (In Kind)	95,834		95,834
Crisis Line/Escort	13,600		13,600
Depreciation	-	5,445	5,445
Drug Screening	4,075		4,075
Dues/ & Subscriptions	3,082		3,082
Insurance	9,138	-	9,138
Interest Expense	59		59
Health Ahead Heart Smart	5,649		5,649
Equipment	32,265		32,265
Maintenance of Property	27,940		27,940
Meetings	1,241		1,241
Operating Services	2,371		2,371
Rent	6,000		6,000
Supplies	156,034	3,441	159,476
Take Back the Night	223		223
Telephone	19,063		19,063
Travel	40,712		40,712
Utilities	8,096		8,096
Property Taxes	-	2,872	2,872
Wellness	7,901		7,901
Total	1,136,459	45,660	1,182,119

The accompanying notes are an integral part of these financial statements

ADAPT, INC.

Statement of Cash Flows

For the year ended December 31, 2020

Cash Flows From Operating Activities

Change in Net Assets	\$	91,663
Adjustments to Reconcile Operating Income to Net Cash		
Flows From Operating Activities:		
Depreciation		5,445
Increase in Grants Receivable		(36,844)
Decrease in Accounts Payable		(848)
Increase in Payroll Tax Payable		29
Net Cash Flows From Operating Activities		<u>59,445</u>

Cash Flows from Investing Activities

Purchase of fixed assets		-
Net Cash Used in Investing Activities		<u>-</u>

Cash Flows from Financing Activities

Payments of note payable		-
Net Cash Flows from Financing Activities		<u>-</u>

Net Change in Cash and Cash Equivalents		59,445
Cash and Cash Equivalents - Beginning of Year		<u>175,220</u>
Cash and Cash Equivalents - End of Year	\$	<u><u>234,665</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporation and Nature of Activities

Adapt, Inc. (the “Organization”) is a Louisiana non-profit corporation formed on July 22, 1994. The Organization’s purpose is to provide education and out-patient therapy and assessments in the area of substance abuse; to provide education, out-patient therapy and assessments to victims of sexual assault; to provide general mental health and social services through collaboration, coordination, education, assessment, and intervention, and to enter into any lawful business activity which corporations organized under Revised Statute 12:201 et seq. engage, either for its own account or on behalf of others as an agent.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting based on accounting principles generally accepted in the United States. Under these standards, the Organization is required to report its financial position and activities in two classes. The classes of net assets are as follows:

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 objectives of the organization. These net assets may be used at the discretion of the Organization’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 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.

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 statements of activities.

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (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.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2020

The Organization receives the majority of its funding through federal grants or federal grants which are passed through local state agencies. Revenue from grants is recognized at the time that the underlying expenses which are reimbursable according to the terms of the grant are incurred.

The Organization also provides services on a fee for service basis. Revenue from such services is recognized at the time the services are provided to the client.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all short-term debt securities with maturity of three months or less to be cash equivalents.

Grant Receivables

Grant receivables represent amounts due for reimbursement of expenses which had been incurred by the Organization as of December 31, 2020, which were reimbursable under federal grants, and which had not been reimbursed to the Organization as of December 31, 2020.

Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Program maintains a threshold level of \$5,000 or more for capitalization of property and equipment and depreciates all capitalized assets, other than land over the following estimated useful lives: buildings, thirty-nine years and computers, office furniture and equipment, five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In-Kind Donations

The Organization received professional services and other services of \$95,834 for the year ended December 31, 2020. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind on the accompanying statements of activities and functional expenses.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among animal services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on the grant's activities.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2020

Advertising

The Organization uses advertising to promote its programs among the clients it serves. The production costs of advertising are expensed as incurred. During 2020, advertising expense totaled \$23,361.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana Statutes. Accordingly, the Organization has not provided any provision for income taxes in the financial statements.

Use of Estimates

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

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2020:

Financial assets at year end:	<u>2020</u>
Cash and cash equivalents	S 234,665
Grant receivable	173,226
Total financial assets	<u>407,891</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>173,226</u>
	<u>173,226</u>
Financial assets available to meet general expenditures over the next twelve months	<u>S 234,665</u>

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses.

NOTE 3: CASH AND CASH EQUIVALENTS

The Organization's cash equivalents at December 31, 2020 were comprised of demand deposits in the amount of \$234,665. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must all time equal the amount on deposit with the fiscal agent. At December 31, 2020 the Organization has \$246,064 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance up to \$250,000.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2020

NOTE 4: GRANTS RECEIVABLE

The Organization's receivables consist of reimbursements due for federal grant expenditures. Amounts due as of December 31, 2020 were as follows:

Sexual Assault Services	\$	2,170
Rape Prevention		28,797
Kids Don't Gamble		8,758
Life Skills Training		47,049
Sexual Assault Program		1,475
Victim's Assistance Program		84,977
		<u>\$ 173,226</u>

NOTE 5: FIXED ASSETS

The cost and accumulated depreciation of the assets are listed below:

Land	\$	23,500
Building		212,365
Less: Accumulated Depreciation		<u>(11,344)</u>
Property, Plant, and Equipment, Net	<u>\$</u>	<u>224,521</u>

NOTE 6: CONCENTRATION OF REVENUE

The Organization had the following concentration of operating revenue sources for the fiscal year ending December 31, 2020:

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2020

Public Support			
Grants			
Victim's Assistance Program	S	341,818	27%
Partnership for Success		8,838	1%
Project YOU		302,083	24%
Sexual assault program		35,173	3%
Substance abuse		106,000	8%
Rape Prevention		52,111	4%
Drug Free Communities		113,437	9%
Heart Ahead Heart Smart		27,500	2%
Addictive disorder/Life Skills Training		133,018	11%
In-Kind Donations		95,834	8%
United Way proceeds		-	0%
Donations		3,112	0%
Service and fee Revenue			
Drug screening fees		12,745	1%
Counseling fees		5,837	0%
Rent		9,450	1%
Other Revenue		1,140	0%
 Total Revenues		<u>S 1,248,096</u>	<u>100%</u>

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through November 22, 2021, the date the financial statements were available for issuance and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2020.

ADAPT, INC.
Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
US Department of Justice			
Louisiana Commission on Law Enforcement			
Victim Assistance 5	16.575	2018-VA 01/02/03/04-5158	\$ 319,748
Victim Assistance	16.575	2017-VA-01-5422	28,272
Violence Against Women Formula Grants	16.588	2019-WF-AX-0043	5,710
Sexual Assault Services Program	16.017	2019-KF-AX-0004	8,516
Total US Department of Justice			<u>362,246</u>
Department of Health and Human Services			
Florida Parishes Human Services Authority			
Block Grants for Prevention and Treatment of Substance Abuse			
Generation RX	93.959	2000478922	36,587
Kids Don't Gamble Wanna Bet?		2000438972	2,556
Kids Don't Gamble Wanna Bet?		2000531350	5,540
Life Skills Training		2000439712	22,039
Life Skills Training		2000531351	61,522
Department of Health and Human Services			
Substance Abuse and Mental Health Services			
Project YOU Youth Opioid Use and Underaged Drinking	93.243		227,812
Project YOU Youth Opioid Use and Underaged Drinking			57,665
Department of Health and Human Services			
Drug-Free Communities Support Program			
WPCHS Drug Free Communities	93.276		91,782
WPCHS Drug Free Communities			13,576
Total Department of Health and Human Services			<u>519,079</u>
Total expenditures of federal awards			<u>\$ 881,325</u>
Federal Expenditures Summaried by CFDA Number			
Victim's Assistance	16.575		\$ 348,020
Violence Against Women Formula Grants	16.588		5,710
Sexual Assault Services Program	16.017		8,516
Block Grants for Prevention and Treatment of Substance Abuse	93.959		128,244
Substance Abuse and Mental Health Services	93.243		285,477
Drug-Free Communities Support Program	93.276		105,358
			<u>\$ 881,325</u>

See independent auditor's report.

ADAPT, INC.

Notes to Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Adapt, Inc. under programs of the federal government for the year ended December 31, 2020. 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 Adapt, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Adapt, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the (*identify basis of accounting*) 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Adapt, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

Adapt, Inc. did not pass through awards to subrecipients.

See independent auditor's report.

ADAPT, INC.

Schedule of Board Members

For the year ended December 31, 2020

	TERM
Effice Clayton, President 58428 Jake Talley Road Bogalusa, LA 70427 985-516-5355	1/1/20-12/31/20
Erin Killingworth, Vice President 11074 Don Bates Circle Bogalusa, La 70424 985-281-2232	1/1/20-12/31/20
Dana Dodds, Secretary 1318 Settlers Drive Bogalusa, La 70427 985-516-1223	1/1/20-12/31/20
Michelle Knight, Treasurer 64284 Foster Town Road Angie, La. 70426 985-516-4520	1/1/20-12/31/20
Allenda Pigott, Member 22485 Mitch Road Bogalusa, La. 70427 985-516-7335	1/1/20-12/31/20
Thomas R. Fornea, Chief Executive Officer 53474 Hwy 736 Angie, La. 70426 985-516-7016	1/1/20-12/31/20

Board Members are re-elected each year and receive no compensation.

See independent auditor's report.

ADAPT, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2020

Agency Head: Thomas R. Fornea, Director

Salary	\$	81,726
Benefits-Social Security and Medicare		6,252
Travel		<u>2,407</u>
Total	<u>\$</u>	<u>90,385</u>

See independent auditor's report.

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

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I 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 Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 22, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Adapt, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adapt, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Adapt, 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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that I consider to be significant deficiencies.

Compliance and Other Matters

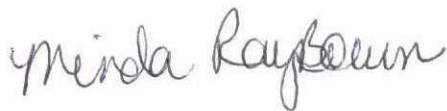
As part of obtaining reasonable assurance about whether Adapt, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Adapt, Inc.'s Response to Findings

Adapt, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Adapt, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Minda Raybourn, CPA

Franklinton, LA
November 22, 2021

Minda B. Raybourn
Certified Public Accountant

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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 of
Adapt, Inc.
Bogalusa, LA

Report on Compliance for Each Major Federal Program

I have audited Adapt, 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 Adapt, Inc.'s major federal programs for the year ended December 31, 2020. Adapt, 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

My responsibility is to express an opinion on compliance for each of Adapt, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. I conducted my 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; 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 I 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 Adapt, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Adapt, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Adapt, 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, 2020.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003. My opinion on each major federal program is not modified with respect to these matters.

Adapt, Inc.'s response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Adapt, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

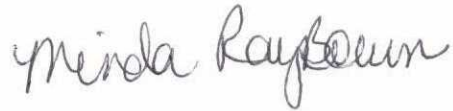
Management of Adapt, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, we considered Adapt, Inc.'s internal control over compliance with the types 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Adapt, 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 a 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, I did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003, that I consider to be significant deficiencies.

Adapt, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Adapt, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

A handwritten signature in black ink that reads "Minda Raybourn". The signature is written in a cursive style with a large initial 'M' and 'R'.

Minda Raybourn, CPA

Franklinton, LA

November 22, 2021

Schedule of Findings and Questioned Costs
Adapt, Inc.
Bogalusa, LA
For the year ended December 31, 2020

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Adapt, Inc. were prepared in accordance with generally accepted accounting principles.
2. One significant deficiency was disclosed during the audit of the financial statements in the schedule of findings and questioned costs. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Adapt, Inc. were disclosed during the audit.
4. Two significant deficiencies were identified during the audit of the major federal award program. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal programs for Adapt, Inc. expresses an unmodified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were the:
 - 16.575 Crime Victim's Assistance
 - 93.276 Drug Free Communities Support Program Grants
 - 93.959 Block grants for Prevention and Treatment of Substance Abuse
 - 93.243 Substance Abuse and Mental Health Services Projects
8. The threshold for the distinguishing Types A and B programs is as follows:
 - Type A- \$750,000 or more of federal awards expended
 - Type B- Any program that does not meet the threshold of Type A programs.
9. For the period ending December 31, 2020, Adapt, Inc. was determined not to be a low-risk auditee.

**Schedule of Findings and Questioned Costs
Adapt, Inc.
Bogalusa, LA
For the year ended December 31, 2020**

FINDINGS-FINANCIAL STATEMENT AUDIT

Significant Deficiency

2020-001 Payroll

CONDITION: Per the organization's policies and procedures manual on personnel (under Section F, payments, reimbursements, and deductions, line 1), employees are paid on the 15th and the last working day of the month. For the pay period of December 16, 2020 through December 30, 2020, the payroll checks were dated December 18, 2020 and were paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor.

CRITERIA: Effective internal controls are designed and implemented to ensure payroll checks are distributed on the effective date of payroll and according to the organization's policies and procedures on payroll distribution.

CAUSE OF CONDITION: The payroll for the pay period ending December 30, 2020 was dated December 18, 2020 and paid to employees on that date.

POTENTIAL EFFECT OF CONDITION: Lack of internal controls over distribution of payroll checks will exposes the organization to several risks including misappropriation of assets, inaccurate or fraudulent financial reporting, and material misstatement on the organization's financial statements and records that will not be detected.

RECOMMENDATION: Adapt, Inc. should strengthen its internal controls by implementing policies and procedures over the distribution of payroll checks. The executive director will ensure that payroll checks are distributed on the effective payroll date.

CLIENT RESPONSE: Adapt, Inc. will implement the recommended procedure.

**FINIDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

Finding 2020-002

Department of Justice Victim's Assistance Program CFDA No. 16.575 Grant No. 2018-V2-GX-0042
Grant Period: 1/1/2020-6/30/21

Significant Deficiency: As discussed in finding 2020-001, for the pay period of December 16, 2020 through December 30, 2020, the payroll checks were dated December 18, 2020 and were paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days

Schedule of Findings and Questioned Costs
Adapt, Inc.
Bogalusa, LA
For the year ended December 31, 2020

paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor. Because of the lack of control over the distribution of payroll checks, misappropriation of assets could occur and not be detected. Controls over the distribution of payroll checks should be implemented.

Finding 2020-003

Department of Health and Human Services Drug Free Communities Support Program Grants
CFDA No. 93.276 Grant No. NH28CE002806-001-00 Grant period 10/31/20-10/31/2021

Significant Deficiency: As discussed in finding 2020-001, for the pay period of December 16, 2020 through December 30, 2020, the payroll checks were dated December 18, 2020 and were paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor. Because of the lack of control over the distribution of payroll checks, misappropriation of assets could occur and not be detected. Controls over the distribution of payroll checks should be implemented.

Corrective Action Plan

November 22, 2021

Louisiana Legislative Auditors

Adapt, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm: Minda Raybourn CPA LLC, 820 11th Avenue, Franklinton, LA 70438

Audit period: December 31, 2020

The findings from the December 31, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

Significant Deficiency

2020-001 Payroll Expenditures

Recommendation: Adapt, Inc. should strengthen its internal controls by implementing policies and procedures over the distribution of payroll checks. The executive director will ensure that payroll checks are distributed on the effective payroll date.

Action Taken: We concur with the recommendation and it will be implemented effective December 31, 2021.

FINDINGS-FEDERAL AWARD PROGRAMS AUDITS

2020-002 Department of Justice Victim's Assistance Program CFDA No. 16.575

Significant Deficiency – See Finding 2020-001

2020-0003 Department of Health and Human Services Drug Free Communities Support Program Grants CFDA No. 93.276

Significant Deficiency – See Finding 2020-001

If there are questions regarding this plan, please call Thomas R. Fornea at 985-735-0160.

Sincerely yours,

Thomas R. Fornea
Executive Director

**Schedule of Prior Year Findings and Responses
Adapt, Inc.
Bogalusa, LA**

For the year ended December 31, 2019

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

The organization did not receive federal awards in excess of \$750,000 during the year ended December 31, 2019, and therefore is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform guidance).