

**Union Community Action Association, Inc.  
Farmerville, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2023 and 2022**

Union Community Action Association, Inc.  
Farmerville, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 – 3
<b>Financial Statements:</b>	
Statements of Financial Position	4
Statements of Activities	
For the Year Ended June 30, 2023	5
For the Year Ended June 30, 2022	6
Statements of Functional Expenses	
For the Year Ended June 30, 2023	7
For the Year Ended June 30, 2022	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 15
<b>Other Supplementary Information</b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	16
Schedule of Expenditures of Federal Awards	17 – 18
<b>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></b>	19 – 20
<b>Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance</b>	21 – 23
<b>Summary Schedule of Prior Audit Findings</b>	24
<b>Schedule of Findings and Questioned Costs</b>	24
<b>Schedules for Louisiana Legislative Auditor</b>	
Summary Schedule of Prior Audit Findings	25
Summary Schedule of Current Year Audit Findings	25

# COOK & MOREHART

*Certified Public Accountants*

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Board of Directors  
Union Community Action Association, Inc.  
Farmerville, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Union Community Action Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Union Community Action Association, Inc. (a nonprofit organization) as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Union Community Action Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Union Community Action Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Union Community Action Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Union Community Action Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

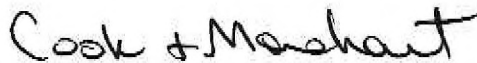
### ***Supplementary Information***

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, on pages 17 - 18, 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 accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 16 is presented for purposes of additional analysis and is not a required part of the basic 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 GAAS. In our opinion, the schedule of expenditures of federal awards and the other supplementary information are 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 21, 2023, on our consideration of Union Community Action Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union Community Action Association, 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 Union Community Action Association, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 21, 2023

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statements of Financial Position  
June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 227,930	\$ 214,021
Grant receivables	36,336	55,857
Other receivables	750	750
Prepays	4,890	4,843
Other assets	3,179	3,144
Total current assets	273,085	278,615
Operating lease right-of-use asset, net	6,642	8,617
<b>Total Assets</b>	\$ 279,727	\$ 287,232
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 4,472	\$ 4,457
Accrued liabilities	14,244	13,166
Current portion of operating lease liability	1,996	1,975
Refundable advances	4,260	
Total current liabilities	24,972	19,598
Long-term portion of operating lease liability	4,646	6,642
Total long-term liabilities		
<b>Total Liabilities</b>	29,618	26,240
Net assets:		
Without donor restrictions	242,183	247,670
With donor restrictions	7,926	13,322
Total net assets	250,109	260,992
<b>Total Liabilities and Net Assets</b>	\$ 279,727	\$ 287,232

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 1,267,924	\$ 7,926	\$ 1,275,850
Miscellaneous revenues	990		990
Net assets released from restrictions:			
Satisfaction of restrictions	13,322	(13,322)	
<b>Total revenues and other support</b>	<b>1,282,236</b>	<b>(5,396)</b>	<b>1,276,840</b>
<b>Expenses:</b>			
Program expenses			
Community services	51,891		51,891
Low-income home energy assistance	1,089,258		1,089,258
Other services	30,951		30,951
General and administrative expenses	115,623		115,623
<b>Total expenses</b>	<b>1,287,723</b>	<b></b>	<b>1,287,723</b>
Change in net assets	(5,487)	(5,396)	(10,883)
Net assets as of beginning of year	247,670	13,322	260,992
Net assets as of end of year	<b>\$ 242,183</b>	<b>\$ 7,926</b>	<b>\$ 250,109</b>

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 1,288,930	\$ 13,322	\$ 1,302,252
Miscellaneous revenues	1,038		1,038
Net assets released from restrictions:			
Satisfaction of restrictions	13,110	(13,110)	
Total revenues and other support	<u>1,303,078</u>	<u>212</u>	<u>1,303,290</u>
<b>Expenses:</b>			
Program expenses			
Community services	64,807		64,807
Low-income home energy assistance	1,118,440		1,118,440
Other services	6,249		6,249
General and administrative expenses	<u>112,175</u>		<u>112,175</u>
Total expenses	<u>1,301,671</u>		<u>1,301,671</u>
Change in net assets	1,407	212	1,619
Net assets as of beginning of year	<u>246,263</u>	<u>13,110</u>	<u>259,373</u>
Net assets as of end of year	<u>\$ 247,670</u>	<u>\$ 13,322</u>	<u>\$ 260,992</u>

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2023

	Program Services					
	Community Services	Low-Income Home Energy Assistance	General Services	Total Program	General and Administrative	Total 2023
Salaries	\$ 28,200	\$ 34,452	\$	\$ 62,652	\$ 68,318	\$ 130,970
Fringe benefits	2,707	3,518		6,225	6,613	12,838
Travel	495			495	1,162	1,657
Telephone and postage	998			998	4,510	5,508
Supplies	971	9,688		10,669	4,308	14,977
Professional services	5,025			5,025	11,009	16,034
Occupancy	898	778		1,676	3,453	5,129
Insurance	1,683			1,683	2,884	4,567
Maintenance	1,604			1,604	9,889	11,493
Miscellaneous	1,286	283		1,569	3,477	5,046
Client assistance payments	8,024	1,040,529	30,951	1,079,504		1,079,504
<b>Total Expenses</b>	<b>\$ 51,891</b>	<b>\$ 1,089,258</b>	<b>\$ 30,951</b>	<b>\$ 1,172,100</b>	<b>\$ 115,623</b>	<b>\$ 1,287,723</b>

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2022

	Program Services					
	Community Services	Low-Income Home Energy Assistance	General Services	Total Program	General and Administrative	Total 2022
Salaries	\$ 35,818	\$ 33,004	\$	\$ 68,822	\$ 66,439	\$ 135,261
Fringe benefits	3,594	3,348		6,942	6,591	13,533
Travel	785	573		1,358	2,768	4,126
Equipment	626			626	1,372	1,998
Telephone and postage	1,176			1,176	4,575	5,751
Supplies	1,247	13,559		14,806	6,690	21,496
Professional services	3,647	2,500		6,147	11,298	17,445
Occupancy	833	1,299		2,132	1,289	3,421
Insurance	1,444			1,444	2,529	3,973
Maintenance	1,673	200		1,873	6,696	8,569
Miscellaneous	2,092	105		2,197	1,613	3,810
Client assistance payments	11,872	1,063,852	6,249	1,081,973		1,081,973
Depreciation					315	315
<b>Total Expenses</b>	<b>\$ 64,807</b>	<b>\$ 1,118,440</b>	<b>\$ 6,249</b>	<b>\$ 1,189,496</b>	<b>\$ 112,175</b>	<b>\$ 1,301,671</b>

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



Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ (10,883)	\$ 1,619
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		315
Amortization of operating lease asset	1,975	1,414
(Increase) decrease in operating assets:		
Grant receivables	19,521	(21,955)
Prepaid	(47)	277
Other assets	(35)	515
Increase (decrease) in operating liabilities:		
Accounts payable	15	1,685
Accrued liabilities	1,078	1,109
Refundable advances	4,260	(10,573)
Repayments of operating lease liabilities	(1,975)	(1,414)
Net cash provided by (used in) operating activities	13,909	(27,008)
Net increase (decrease) in cash and cash equivalents	13,909	(27,008)
Cash and cash equivalents as of beginning of year	214,021	241,029
Cash and cash equivalents as of end of year	\$ 227,930	\$ 214,021

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Union Community Action Association, Inc. (Union) is a private non-profit corporation incorporated under the laws of the State of Louisiana. Union is governed by a Board of Directors composed of 15 members. These board members receive no compensation for their services.

Union operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Union parish in Louisiana. The following significant programs, shown with their approximate percentage of total revenues, are administered by Union:

**Community Services Block Grant (7%)** – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

**Low-Income Home Energy Assistance (90%)** — Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

**FEMA (3%)** – Provides funding to purchase food and shelter for people in emergency situations. Funding is provided by federal funds from the U.S. Department of Homeland Security.

B. Basis of Accounting

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

C. Basis of Presentation

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

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Union'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 Union or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Continued)

D. Use of Estimates

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

E. Income Tax Status

Union is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Union's tax-exempt purpose is subject to taxation as unrelated business income. Union had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2023, 2022, 2021, and 2020 are subject to examination by the IRS, generally three years after they were filed.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Union considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, when there is no significant penalty for early withdrawal.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. Union has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Contributions

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

I. Functional Allocation of Expenses

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

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Union to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2023 and 2022, Union had no significant concentrations of credit risk in relation to grant receivables.

Union maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At June 30, 2023 and 2022, total cash balances held at financial institutions were \$228,840 and \$215,226, respectively, all of which was secured by FDIC.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2023 and 2022, but received after those dates.

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and equipment	5-10 years	\$ 40,110	\$ 4,856	\$ 44,966
Idle assets		8,460		8,460
Accumulated depreciation		<u>( 48,570)</u>	<u>( 4,856)</u>	<u>( 53,426)</u>
Net investment in property and equipment		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

At June 30, 2023, all assets were fully depreciated.

Property and equipment consisted of the following at June 30, 2022:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and equipment	5-10 years	\$ 40,110	\$ 4,856	\$ 44,966
Idle assets		8,460		8,460
Accumulated depreciation		<u>( 48,570)</u>	<u>( 4,856)</u>	<u>( 53,426)</u>
Net investment in property and equipment		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Depreciation expense for the year ended June 30, 2022 was \$315.

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Continued)

(5) Refundable Advances

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

(6) Contractual Revenue – Grants

During the years ended June 30, 2023 and 2022, Union received contractual revenue from federal and state grants in the amount of \$1,275,850 and \$1,302,252, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(7) Accrued Liabilities

Accrued liabilities at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Accrued annual leave	\$ 11,112	\$ 11,112
Payroll liabilities	3,132	2,054
	\$ 14,244	\$ 13,166

(8) Net Assets

Net assets at June 30, 2023 and 2022, consisted of the following:

	2023	2022
Net Assets Without Donor Restrictions:		
Undesignated	\$ 242,183	\$ 247,670
Total net assets without donor restrictions	242,183	247,670
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for Low-income home energy assistance	7,926	13,322
Total net assets with donor restrictions	7,926	13,322
Total Net Assets	\$ 250,109	\$ 260,992

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Continued)

(9) Contingencies

Employees of Union are entitled to paid sick days, earned at the rate of twelve hours per month of full time employment. It is reasonably possible but not certain that sick leave will be paid in the future; accordingly, no liability has been recorded in the accompanying financial statements. Union's policy is to recognize the costs of sick leave benefits when actually paid to employees. Upon an employee's resignation, lay-off, or death, no pay will be granted for any earned sick leave. Union estimates the liability for sick leave earned by employees but not yet taken as of June 30, 2023, to be approximately \$27,981.

Grants and contracts awarded to Union are subject to funding agencies' criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under those terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred under the grants and contracts do not comply with the established criteria that govern them. In such cases, Union could be held responsible for repayments to the funding agency for the costs. Management does not anticipate any material questioned costs at this time for grants and contracts administered through the year June 30, 2023.

(10) Liquidity and Availability of Financial Assets

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

Financial assets at year-end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 227,930	\$ 214,021
Grant receivables	36,336	55,857
Other receivables	<u>750</u>	<u>750</u>
Total financial assets	265,016	270,628
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>( 7,926)</u>	<u>( 13,322)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 257,090</u>	<u>\$ 257,306</u>

In addition to financial assets available to meet general expenditures over the year, Union anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies. The Statement of Cash Flows identifies the sources and uses of Union's cash and shows cash provided by (used in) operations of \$13,909 and \$(27,008) for fiscal years ending June 30, 2023 and June 30, 2022, respectively.

(11) Subsequent events

Subsequent events have been evaluated through December 21, 2023, the date the financial statements were available to be issued.

(Continued)



Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Continued)

(12) Right-of-Use Operating Leases

Union leases certain equipment under long-term, non-cancellable operating leases. The leases expire at various dates through 2027. The risk-free discount rate with a period comparable with that of the individual lease term used was between .79% and 1.92%.

The right-of-use operating assets and operating lease liabilities at June 30, 2023 and 2022, are as follows:

	2023	2022
<b>Lease Assets</b>		
Operating lease right-of-use assets	<u>\$ 6,642</u>	<u>\$ 8,617</u>
<b>Lease Liabilities</b>		
Operating lease liabilities at June 30	\$ 6,642	\$ 8,617
Less current portion	<u>( 1,996)</u>	<u>( 1,975)</u>
Operating lease liabilities	<u>\$ 4,646</u>	<u>\$ 6,642</u>
Total lease costs were as follows:		
Operating lease costs	<u>\$ 2,059</u>	<u>\$ 1,466</u>
Weighted-average remaining lease term – months	<u>44</u>	<u>56</u>
Weighted-average discount rate	<u>1.09%</u>	<u>1.08%</u>

Future minimum payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

For the Year Ending June 30,	Principle	Interest	Total
2024	\$ 1,996	\$ 63	\$ 2,059
2025	2,017	42	2,059
2026	2,039	20	2,059
2027	590	3	593
Total lease payments	<u>\$ 6,642</u>	<u>\$ 128</u>	<u>\$ 6,770</u>

(13) Adoption of New Accounting Pronouncement

Effective January 1, 2021, Union adopted FASB ASC 842, *Leases*. Union determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of operating right-of-use-assets and operating lease liabilities. Results for periods beginning prior to July 1, 2021 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities, cash flows or debt covenants.

Union Community Action Association, Inc.  
 Farmerville, Louisiana  
 Schedule of Compensation, Benefits and Other Payments to Agency Head  
 For the Year Ended June 30, 2023

Purpose	Amount
Agency Head: Diane Hill, Executive Director - 7/1/2022 - 12/31/2022	
Salary	\$ 28,046
Reimbursements	65
Travel	483
Agency Head: Susan Stringer, Executive Director - 1/1/2023 - 6/30/2023	
Salary	\$ 27,000
Travel	660

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
477 Cluster				
Passed through Louisiana Workforce Commission				
Community Services Block Grant	93.569	2000625717 & 2000701157	\$	\$ 87,096
Total 477 Cluster				87,096
Passed through Louisiana Housing Corporation				
Low-Income Household Water Assistance Program	93.568	Unknown		47,529
Covid-19 - Low-Income Household Water Assistance Program	93.568	Unknown		10,175
Total Low-Income Household Water Assistance Program				57,704
Passed through Louisiana Housing Corporation				
Low-Income Home Energy Assistance Program	93.568	Unknown		918,610
Covid-19 - Low-Income Home Energy Assistance Program	93.568	Unknown		180,936
Total Low-Income Home Energy Assistance Program				1,099,546
Total U.S. Department of Health and Human Services				
				1,244,346
<u>U.S. Department of Homeland Security</u>				
Passed through United Way of America				
Emergency Food and Shelter Program	97.024	Unknown		9,710
Covid-19 - Emergency Food and Shelter Program	97.024	Unknown		21,617
Total U.S. Department of Homeland Security				31,327
Total federal expenditures				
			\$	\$ 1,275,673

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Union Community Action Association, Inc. under programs of the federal government for the year ended June 30, 2023. 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 Union Community Action Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Union Community Action Association, Inc.

NOTE 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.

NOTE 3: Indirect Cost Rate

Union Community Action Association, Inc. does not utilize an indirect cost rate.

# COOK & MOREHART

*Certified Public Accountants*

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance  
And Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Directors  
Union Community Action Association, Inc.  
Farmerville, 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 (*Government Auditing Standards*), the financial statements of Union Community Action Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 21, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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

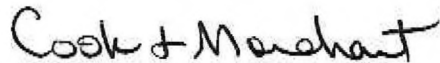
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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



Cook & Morehart  
Certified Public Accountants  
December 21, 2023



# COOK & MOREHART

*Certified Public Accountants*

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

### Independent Auditors' Report

To the Board of Directors  
Union Community Action Association, Inc.

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

##### ***Opinion of Each Major Federal Program***

We have audited Union Community Action Association, Inc.'s, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Union Community Action Association, Inc.'s major federal program for the year ended June 30, 2023. Union Community Action Association, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Union Community Action Association, Inc. complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Union Community Action Association, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Union Community Action Association, Inc.'s compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Union Community Action Association, Inc.'s federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Union Community Action Association, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Union Community Action Association, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Union Community Action Association, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Union Community Action Association, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Union Community Action Agency, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

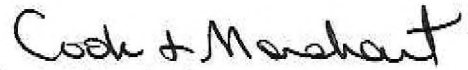
### **Report on Internal Control Over Compliance**

*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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Cook & Morehart  
Certified Public Accountants  
December 21, 2023

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2023

There were no findings or questioned cost for the prior year audit ending June 30, 2022.

Schedule of Findings and Questioned Costs  
June 30, 2023

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

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

Noncompliance material to financial statements noted :

\_\_\_\_\_ yes   √   no

Federal Awards

Internal control over major programs :

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

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

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

\_\_\_\_\_ yes   √   no

Identification of major federal programs :

Federal Assistance Listing #93.568 - Low-Income Home Energy Assistance Program

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

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

**B. Findings – Financial Statement Audit: None**

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Summary Schedule of Audit Findings for Louisiana Legislative Auditor  
June 30, 2023

**Summary Schedule of Prior Audit Findings**

There were no findings for the prior year ended June 30, 2022.

**Summary Schedule for Current Year Audit Findings**

There are no current year findings for the year ended June 30, 2023.

# COOK & MOREHART

*Certified Public Accountants*

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Union Community Action Association, Inc.  
Farmerville, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Union Community Action Association, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Union Community Action Association, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### **1) *Written Policies and Procedures***

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff



procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

## 2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or*

*included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

### **3) Bank Reconciliations**

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

Procedures performed. No exceptions noted.

### **4) Collections (excluding electronic funds transfers)**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. No exceptions noted.

**5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction



and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. No exceptions noted.

#### **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

#### **8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

### **9) Payroll and Personnel**

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

### **10) Ethics**

Not applicable to nonprofit organizations.

### **11) Debt Service**

Not applicable to nonprofit organizations.

### **12) Fraud Notice**

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management represented that there were no misappropriations of public funds or assets during the year.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedures performed. No exceptions noted.

### **13) Information Technology Disaster Recovery/Business Continuity**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

### **14) Prevention of Sexual Harassment**

Not applicable to Union Community Action Association, Inc..

We were engaged by Union Community Action Association, Inc., to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Union Community Action Association, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Cook & Morehart*

Cook & Morehart  
Certified Public Accountants  
December 21, 2023