

**AVOYELLES CHILD
DEVELOPMENT SERVICES, INC.**
Moreauville, Louisiana

Financial Report
Year Ended December 31, 2020

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KOLDER, SLAVEN & COMPANY, LLC

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Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

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Mrs. Lynn Normand, Executive Director, and
Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Avoyelles Child Development Services, 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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avoyelles Child Development Services, 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 Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of financial position and the schedule of grant revenue are presented for purposes of additional analysis and are not a required part of the financial statements. 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 also 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021, on our consideration of Avoyelles Child Development Services, 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 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 Avoyelles Child Development Services, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 8, 2021

FINANCIAL STATEMENTS

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Financial Position
December 31, 2020

ASSETS

Current assets:	
Cash	\$ 105,320
Prepaid expenses	<u>41,851</u>
Total current assets	147,171
Property and equipment, net	<u>2,441,970</u>
Total assets	<u><u>\$ 2,589,141</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 45,932
Accrued salaries and related benefits	26,662
Notes payable	<u>62,925</u>
Total current liabilities	135,519
Long-term liabilities:	
Notes payable	<u>952,112</u>
Total liabilities	1,087,631
Net assets:	
Without donor restrictions	<u>1,501,510</u>
Total liabilities and net assets	<u><u>\$ 2,589,141</u></u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Activities
Year Ended December 31, 2020

Changes in net assets without donor restrictions	
Support:	
Government grants	\$ 2,449,266
Contributed services	<u>10,245</u>
Total support without donor restrictions	<u>2,459,511</u>
Expenses:	
Program services -	
Head Start	1,634,958
Early Head Start	79,466
Food Services	<u>166,932</u>
Total program services	1,881,356
Support services -	
Management and General	<u>401,021</u>
Total expenses	<u>2,282,377</u>
Change in net assets without donor restrictions	177,134
Net assets, beginning of year	<u>1,324,376</u>
Net assets, end of year	<u><u>\$ 1,501,510</u></u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Total
	Head Start Program	Early Head Start Program	Food Services Program	Management and General	
Salaries	\$ 1,005,407	\$ 67,417	\$ 70,788	\$ 129,106	\$ 1,272,718
Payroll taxes	93,271	10,590	18,258	13,457	135,576
Retirement	27,777	334	4,414	5,869	38,394
Total salaries and related expenses	<u>1,126,455</u>	<u>78,341</u>	<u>93,460</u>	<u>148,432</u>	<u>1,446,688</u>
Dues	-	-	-	2,718	2,718
Transportation cost	22,731	-	-	-	22,731
Food and nutrition	-	-	68,464	-	68,464
Insurance	74,009	-	637	6,429	81,075
Interest expense	78,456	-	-	-	78,456
Contributed services and facility costs	10,245	-	-	-	10,245
Medical, dental and language services	93	-	-	-	93
Miscellaneous	-	-	-	3,172	3,172
Advertising	-	-	-	3,988	3,988
Professional fees	-	-	-	61,050	61,050
Repairs and maintenance	59,991	-	-	7,196	67,187
Seminars and workshops	18,385	-	-	29,258	47,643
Supplies and materials	27,091	943	4,371	134,862	167,267
Telephone and utilities	75,477	182	-	3,916	79,575
Travel	12,296	-	-	-	12,296
Total expenses before depreciation	<u>1,505,229</u>	<u>79,466</u>	<u>166,932</u>	<u>401,021</u>	<u>2,152,648</u>
Depreciation expense	<u>129,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,729</u>
Total expenses	<u>\$ 1,634,958</u>	<u>\$ 79,466</u>	<u>\$ 166,932</u>	<u>\$ 401,021</u>	<u>\$ 2,282,377</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets without donor restrictions	\$ 177,134
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	129,729
Decrease in operating assets:	
Grants receivable	15,996
Prepaid expenses	5,133
Increase (decrease) in operating liabilities:	
Accounts payable	23,670
Accrued salaries and related benefits	<u>(193)</u>
Net cash provided by operating activities	<u>351,469</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(224,455)</u>
Cash flows from financing activities:	
Payments on long term debt	<u>(68,630)</u>
Net change in cash	58,384
Cash and cash equivalents, beginning	<u>46,936</u>
Cash and cash equivalents, ending	<u><u>\$ 105,320</u></u>
Supplemental data:	
Interest paid	<u><u>\$ 78,456</u></u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Avoyelles Child Developmental Services, Inc. (Organization) is a non-profit organization, which was organized in July 2012, and shall continue in existence for a period of 99 years from that date unless dissolved earlier. The Organization receives grants from federal and state governments to provide early childhood development programs for disadvantaged pre-school children in Avoyelles Parish.

B. Financial Statement Presentation

Avoyelles Child Development Services, Inc. reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

The financial statements of Avoyelles Child Development Services, Inc., have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

C. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items. The prepaid items that existed at December 31, 2020 were prepaid insurance expense.

D. Fixed Assets and Depreciation

The Organization's capitalization policy is \$1,000 with purchased property and equipment recorded at acquisition cost and donated assets recorded at estimated fair market value. Donations of property and equipment are recorded as contributions at the estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets in accordance with each program's grant guidelines. The range of estimated useful lives is as follows:

Buildings and improvements	40 years
Furniture and equipment	5-7 years
Vehicles	7 years

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

E. Net Assets

The net assets of the Organization and changes wherein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some restrictions may be temporary in nature and satisfied by actions of the Organizations board or management or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed or grantor-imposed restrictions which may be used for any purpose of the Board or management in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s Board or management.

F. Revenue and Expense Recognition

The Organization recognizes revenues on the accrual basis of accounting. Program reimbursements and grants are recorded as revenue when earned. Substantially all other revenues are recorded when received. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

G. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and is not classified by the Internal Revenue Service (IRS) as a private foundation. Accounting principles generally accepted in the United States of America require the Organization’s management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

I. Compensated Absences

Vacation, annual and sick leave are recorded as an expense in the period in which paid. Vacation leave is granted only to employees in twelve-month positions. Vacation leave is accumulated from 5 or 10 days annually, based on years of service. The maximum amount of vacation leave that can be carried forward from one year to the next, is equivalent to the leave earned during that year. Upon termination, an employee will be paid for unused vacation leave. Annual leave is available to all other employees. It is accrued at 4 hours per month. Annual leave must be used or forfeited in the year earned. Employees terminated prior to the end of a fiscal year are paid for any unused annual leave. The amount of vacation and unused annual leave at year end was considered immaterial for accrual in the financial statements. Employees accumulate 12 days of sick leave per year with a maximum accumulation of 240 hours; however, sick leave does not vest and is not paid upon termination.

J. Statement of Cash Flows

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

K. Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$3,988 for the year ended December 31, 2020.

L. Use of Estimates

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

(2) Grants Receivable

There were no grants receivable incurred during the year ending December 31, 2020.

(3) Concentration of Credit Risk

The Organization maintains cash account balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization's cash balances were fully secured and therefore, not exposed to custodial credit risk.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2020:

Land	\$ 129,650
Buildings and improvements	2,575,111
Furniture and equipment	147,182
Vehicles	417,862
Accumulated depreciation	<u>(827,835)</u>
Property and equipment, net	<u>\$ 2,441,970</u>

Federal awarding agencies that provide funding for the purchase of property and equipment are entitled to an interest in those assets at the time of disposition. The Organization must request disposition instructions from the federal awarding agency prior to disposing of any assets acquired with federal funds with a per unit value of \$5,000 or more at the time of disposition. Depreciation expense charged to the operations of the Head Start Program amounted to \$129,729 for the year ended December 31, 2020.

(5) Notes Payable

\$307,711 Mother Goose Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$307,711. The loan is secured by land and a building known as Mother Goose Head Start Center located in Hessmer, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$307,7011 at an interest rate of 7.50% per year maturing in September 2039. At December 31, 2020, the Organization had an outstanding balance of \$271,502.

\$115,221 New Beginnings Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$115,221. The loan is secured by land and a building known as New Beginnings Head Start Center located in Mansura, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$115,211 at an interest rate of 7.75% per year maturing in June 2027. At December 31, 2020, the Organization had an outstanding balance of \$60,227.

\$346,902 Mother Hubbard Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$346,902. The loan is secured by land and a building known as Mother Hubbard Head Start Center located in Simmesport, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$346,902 at an interest rate of 7.50% per year maturing in November 2038. At December 31, 2020, the Organization had an outstanding balance of \$303,242.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

\$209,304 Humpty Dumpty Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$209,304. The loan is secured by land and a building known as Humpty Dumpty Head Start Center located in Moreauville, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$209,304 at an interest rate of 7.50% per year maturing in April 2041. At December 31, 2020, the Organization had an outstanding balance of \$187,664.

\$163,690 Jack & Jill Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$163,690. The loan is secured by land and a building known as Jack & Jill Head Start Center located in Cottonport, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$163,690 at an interest rate of 7.75% per year maturing in May 2026. At December 31, 2020, the Organization had an outstanding balance of \$92,302.

\$190,776 Brooks Loan

On October 29, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$190,776. The loan is secured by land and a building known as Brooks Head Start Center located in Bunkie, Louisiana. On October 29, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$190,776 at an interest rate of 7.00% per year maturing in November 2025. At December 31, 2020, the Organization had an outstanding balance of \$100,100.

Scheduled maturities of long-term debt as of December 31, 2020 are as follows:

Year ending December 31,	Principle payments	Interest payments	Total
2021	\$ 62,925	\$ 73,889	\$ 136,814
2022	67,779	69,038	136,817
2023	73,004	63,810	136,814
2024	78,636	58,181	136,817
2025	77,728	52,164	129,892
2026 and thereafter	<u>654,965</u>	<u>381,850</u>	<u>1,036,815</u>
Total	<u>\$ 1,015,037</u>	<u>\$ 698,932</u>	<u>\$ 1,713,969</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(6) Operating Leases

The Organization renewed an operating lease for copiers with a lease term of 60 months. Future minimum lease payments due under the lease terms are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 7,219
2022	7,219
2023	7,219
2024	7,219
	<u>\$ 28,876</u>

Lease expense amounted to \$7,219 for the year ended December 31, 2020.

(7) Contributed Services

The organization has recorded in-kind contributions of \$10,246 for professional services in the statement of activities in accordance with financial accounting standards. These accounting standards require that only contributions of services received that require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of the Organization's grant award. The organization received contribution of nonprofessional volunteers, during the year with a value of \$307,752 for its Head Start program which are not recorded in the statement of activities.

(8) Concentrations

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

(9) Retirement

Employees of the Organization also have the option of participating in a defined contribution salary deferral plan. The plan is established in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the Organization contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction elected by the employee, up to 5% of compensation. The employee may elect a salary reduction up to the maximum annual allowable amount established by applicable Internal Revenue Code Sections. During the year ended December 31, 2020, the Organization's contributions to the plan totaled \$38,394.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(10) Liquidity and Availability of Resources

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 105,320
Prepaid Expense	<u>41,851</u>
Total current assets	<u>\$ 147,171</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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

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

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

The schedule of compensation, benefits, and other payments to Lynn Normand, Executive Director, for the year ended December 31, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 70,855
Benefits - payroll taxes	5,750
Benefits - retirement	3,594
Reimbursements	1,424
Travel	<u>545</u>
Total	<u>\$ 82,168</u>

(13) Litigation and Claims

There was no pending litigation against the Organization at December 31, 2020.

(14) Subsequent Events

The Organization has evaluated subsequent events through May 5, 2021, the date which the financial statements were available to be issued.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(15) Commitments and Contingencies

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

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(16) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is evaluating the potential impact of the amendments on its' financial statements.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Head Start Program

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

Food Services Program

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

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Combining Statement of Financial Position
December 31, 2020

	<u>Head Start Program</u>	<u>Food Services Program</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 104,060	\$ 1,260	\$ 105,320
Prepaid expenses	<u>41,851</u>	<u>-</u>	<u>41,851</u>
Total current assets	145,911	1,260	147,171
Property and equipment, net	<u>2,441,970</u>	<u>-</u>	<u>2,441,970</u>
Total assets	<u>\$ 2,587,881</u>	<u>\$ 1,260</u>	<u>\$ 2,589,141</u>
LIABILITIES AND NET ASSETS			
Liabilities -			
Current liabilities:			
Accounts payable	\$ 45,932	\$ -	\$ 45,932
Accrued salaries and related benefits	25,402	1,260	26,662
Notes payable	<u>62,925</u>	<u>-</u>	<u>62,925</u>
Total current liabilities	134,259	1,260	135,519
Long-term liabilities:			
Notes payable	<u>952,112</u>	<u>-</u>	<u>952,112</u>
Total liabilities	1,086,371	1,260	1,087,631
Net assets:			
Without donor restrictions	<u>1,501,510</u>	<u>-</u>	<u>1,501,510</u>
Total liabilities and net assets	<u>\$ 2,587,881</u>	<u>\$ 1,260</u>	<u>\$ 2,589,141</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Schedule of Grant Revenue
Year Ended December 31, 2020

Food Services Program	\$ 61,235
Head Start Program	2,171,845
Head Start Program- COVID-19	<u>216,186</u>
	<u>\$ 2,449,266</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

Mrs. Lynn Normand, Executive Director
and Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Avoyelles Child Development Services, 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 our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avoyelles Child Development Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avoyelles Child Development Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Child Development Services, 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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 8, 2021

KOLDER, SLAVEN & COMPANY, LLC

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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

Mrs. Lynn Normand, Executive Director,
and Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, Louisiana

Report on Compliance for the Each Major Federal Program

We have audited Avoyelles Child Development Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Avoyelles Child Development Services, Inc.'s major federal program for the year ended December 31, 2020. Avoyelles Child Development Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Avoyelles Child Development Services, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Avoyelles Child Development Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Avoyelles Child Development Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Avoyelles Child Development Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Avoyelles Child Development Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Avoyelles Child Development Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Avoyelles Child Development Services, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 8, 2021

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:		
Passed through Louisiana Dept. of Education - Child and Adult Care Food Program	10.558	\$ 61,235
U.S. Department of Health and Human Services:		
Head Start Program	93.600	2,171,845
Head Start Program- COVID-19	93.600	<u>216,186</u>
Total U.S. Department of Health and Human Services		<u>2,388,031</u>
Total federal expenditures		<u>\$ 2,449,266</u>

The accompanying notes are an integral part of this schedule.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

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

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Avoyelles Child Development Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the Schedule of Expenditures of Federal Awards to total expenses reported in the Statement of Functional Expenses follows:

Total expenses reported in the Statement of Functional Expenses	\$ 2,282,377
Add: Principle payments on notes	68,630
Purchase of assets	224,455
Change in prepaid insurance	(5,133)
Additional principal reduction payments	10,270
Less: Accrual timing differences	8,641
In-kind contributions	(10,245)
Depreciation	<u>(129,729)</u>
Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u>\$ 2,449,266</u>

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? _____ Yes x None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes x No

Major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Program

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

Auditee qualified as low risk auditee. _____ Yes x No

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2020

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Compliance

None reported.

B. Compliance

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Compliance

None reported.

B. Compliance

None reported.