

METRO CENTERS FOR COMMUNITY  
ADVOCACY, INC.

FINANCIAL REPORT

JUNE 30, 2021 AND 2020

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.

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December 28, 2021

Board of Directors of  
Metro Centers for Community Advocacy, Inc.  
Jefferson, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Metro Centers for Community Advocacy, Inc. ("MCCA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

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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 Metro Centers for Community Advocacy, Inc. as of June 30, 2021 and 2020, 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.

## **Other Matters**

### *Supplementary Information*

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of Metro Centers for Community Advocacy, 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 to solely 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 Metro Centers for Community Advocacy, 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 Metro Centers for Community Advocacy, Inc.'s internal control over financial reporting and compliance.

*Duplantier, Sharpness, Hogan and Skater, LLP*

New Orleans, Louisiana

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 386,047	\$ 448,332
Certificates of deposit	221,494	221,314
Grants receivable	544,395	452,381
Prepays and other current assets	25,759	26,118
Total Current Assets	1,177,695	1,148,145
Non-Current Assets:		
Beneficial interest in asset held by Greater New Orleans Foundation	77,254	63,948
Property and equipment, net	842,920	914,093
Total Non-Current Assets	920,174	978,041
 TOTAL ASSETS	 \$ 2,097,869	 \$ 2,126,186
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 7,954	\$ 20,281
Accrued expenses	85,824	89,816
Refundable advances	-	11,160
Long-term debt, current portion	25,000	25,000
Total Current Liabilities	118,778	146,257
Long-Term Debt, net of current portion	24,091	49,091
Total Liabilities	142,869	195,348
Net Assets Without Donor Restrictions:		
Board-designated	77,254	63,948
Undesignated	1,877,746	1,866,890
	1,955,000	1,930,838
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,097,869	 \$ 2,126,186

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

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and Other Support:		
Grants:		
Governmental	\$ 1,857,605	\$ 1,497,881
Non governmental	267,573	190,191
Payroll Protection Program	159,900	-
Donations	187,175	212,173
In-kind contributions	349,953	366,296
Fundraising	120	4,177
Realized and unrealized gains	15,669	497
Interest income	1,462	1,170
Rental income	16,900	18,415
Other income	58,349	54,208
Total Revenues and Other Support	2,914,706	2,345,008
Expenses:		
Program Services	2,492,667	2,083,100
Supportive Services:		
Management and general	396,877	175,844
Fundraising	1,000	1,000
Total Expenses	2,890,544	2,259,944
Changes in Net Assets Without Donor Restrictions	24,162	85,064
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
BEGINNING OF YEAR	1,930,838	1,845,774
END OF YEAR	\$ 1,955,000	\$ 1,930,838

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

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program <u>Services</u>	<u>Support Services</u>		<u>Total</u>
		<u>Management &amp; General</u>	<u>Fundraising</u>	
Advertising	\$ 23,840	\$ -	\$ -	\$ 23,840
Audit and accounting	-	45,565	-	45,565
Client housing	291,010	-	-	291,010
Consultants and coordinators	411,089	-	-	411,089
Dues	-	6,444	-	6,444
Equipment repairs and maintenance	152,122	3,091	-	155,213
Insurance	66,364	4,878	-	71,242
Insurance - employees	78,797	15,025	-	93,822
Interest	-	2,490	-	2,490
Miscellaneous	138,587	1,641	-	140,228
Office supplies	17,222	8,957	-	26,179
Pest control	3,366	133	-	3,499
Postage and delivery	-	1,361	-	1,361
Printing	12,923	-	-	12,923
Rent	9,317	-	-	9,317
Salaries and wages	797,199	178,546	-	975,745
Supplies - food	18,430	-	1,000	19,430
Taxes - payroll	59,634	14,534	-	74,168
Telephone and internet	30,505	1,563	-	32,068
Travel and transportation	24,995	-	-	24,995
Utilities	47,667	1,123	-	48,790
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and in-kind expenses	2,183,067	285,351	1,000	2,469,418
Depreciation	1,683	69,490	-	71,173
In-kind contribution expenses	307,917	42,036	-	349,953
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 2,492,667</u>	<u>\$ 396,877</u>	<u>\$ 1,000</u>	<u>\$ 2,890,544</u>

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



METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Support Services		Total
		Management & General	Fundraising	
Advertising	\$ 25,305	\$ -	\$ -	\$ 25,305
Audit and accounting	-	32,411	-	32,411
Client housing	57,959	-	-	57,959
Consultants and coordinators	368,198	-	-	368,198
Dues	-	4,651	-	4,651
Equipment repairs and maintenance	85,906	4,979	-	90,885
Insurance	58,580	4,307	-	62,887
Insurance - employees	79,452	12,286	-	91,738
Interest	-	2,872	-	2,872
Miscellaneous	47,692	8,744	-	56,436
Office supplies	5,887	4,134	-	10,021
Pest control	3,234	133	-	3,367
Postage and delivery	-	958	-	958
Printing	9,068	222	-	9,290
Rent	2,809	-	-	2,809
Salaries and wages	759,438	75,271	-	834,709
Supplies - food	15,887	-	1,000	16,887
Taxes - payroll	55,075	6,127	-	61,202
Telephone and internet	22,966	1,620	-	24,586
Travel and transportation	47,021	-	-	47,021
Utilities	34,686	1,860	-	36,546
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and in-kind expenses	1,679,163	160,575	1,000	1,840,738
Depreciation	50,777	2,133	-	52,910
In-kind contribution expenses	353,160	13,136	-	366,296
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,083,100	\$ 175,844	\$ 1,000	\$ 2,259,944

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

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 24,162	\$ 85,064
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	71,173	52,910
Realized and unrealized (gains) losses on investments	(15,669)	497
(Increase) decrease in operating assets:		
Grants receivable	(92,014)	134,856
Prepaid and other current assets	359	43
Increase (decrease) in operating liabilities:		
Accounts payable	(12,327)	20,281
Accrued expenses	(3,992)	36,336
Refundable advances	(11,160)	11,160
Net cash used (provided) by operating activities	<u>(39,468)</u>	<u>341,147</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(8,900)
Proceeds from sales of investments	2,183	1,095
Net cash provided (used) by investing activities	<u>2,183</u>	<u>(7,805)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(25,000)	(25,000)
Net cash used in financing activities	<u>(25,000)</u>	<u>(25,000)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(62,285)</b>	<b>308,342</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>448,332</u></b>	<b><u>139,990</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 386,047</u></b>	<b><u>\$ 448,332</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	<u>\$ 2,490</u>	<u>\$ 2,872</u>

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

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NATURE OF OPERATIONS:

Metro Centers for Community Advocacy, Inc. ("MCCA") is a not-for-profit organization that provides assistance to victims of domestic violence, sexual assault and stalking. MCCA maintains outreach offices in Jefferson Parish, St. Tammany Parish, the River Parishes, and Orleans Parish. MCCA offers the opportunity for victims to receive counseling services, to obtain legal advocacy from advocates employed by the organization, and to obtain legal assistance for temporary restraining orders. MCCA also operates three temporary housing shelters in Jefferson Parish, providing both emergency and transitional housing to victims of domestic violence, sexual assault and stalking.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of MCCA have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). In accordance with these standards, MCCA 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 available for general use and not subject to donor restrictions. This category also includes board-designated endowments.

- Board-designated endowed net assets include those for which donors gave MCCA variance power. The Board intends to spend from these assets only an amount allowable under its spending policy.

Net assets with donor restrictions – net assets representing contributed funds subject to specific donor-imposed restrictions contingent upon specific purpose or a specific passage of time.

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-kind Contributions:

In-kind contributions are reflected as contributions recorded at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. MCCA recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. MCCA receives services from a large number of volunteers who give a significant amount of their time to MCCA's programs and meet the criteria for financial statement recognition.

Revenue Recognition of Contributions:

Management has determined that a portion of the grant funds received are contributions. MCCA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions, and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Use of Estimates:

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

Property and Equipment:

Acquisitions of property and equipment in excess of \$3,000 are capitalized. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over five years for

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment: (Continued)

vehicles, three years for furniture and equipment, ten years for leasehold improvements and twenty-seven and one-half years for buildings. The cost of land is not depreciated. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period. The cost of repairs and maintenance is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes:

MCCA is operating under Section 501c(3) of the Internal Revenue Code, and is exempt from federal, state and local income taxes on all revenues not related to business activities.

Accordingly, no provision for income taxes is included in the financial statements. MCCA had no business activities during the fiscal years ended June 30, 2021 and 2020.

MCCA believes it has appropriate support for all tax positions taken, and as such, does not have any uncertain positions that are material to the financial statements.

Cash and Cash Equivalents:

For the purpose of the Statements of Cash Flows, MCCA considers all cash and other highly liquid investments, which can be converted into known amounts of cash and have a maturity period of three months or less at the time of purchase to be cash equivalents.

Compensated Absences:

MCCA allows the accrual of vacation and sick leave on all full-time employees who have successfully completed six (6) months of employment. Vacation and sick leave accrual rates are as follows:

<u>Years of Service</u>	<u>Vacation Days</u>	<u>Sick Leave Days</u>
1 - 4	10	10
5 - 9	15	10
10 +	20	10

If an employee does not use his or her vacation time, this time is not accrued for the following calendar year.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advertising:

MCCA uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$23,840 and \$25,305, respectively.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Those expenses which cannot be specifically identified by function type are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimated time spent for each function. Travel, office/occupancy, depreciation, and other expenses are allocated to functions based on space usage.

Grants Receivable:

Grants receivable consists of amounts due from various granting agencies for grants and cost reimbursement programs. These amounts are presented at fair value and management estimates that all are collectible.

Certificates of Deposit:

Certificates of deposit are valued at cost which approximates fair value. Interest is recorded when earned.

Investments:

Investments in marketable securities with readily determinable fair values are valued at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities and relate to MCCA's agency endowment fund. Dividends and interest are accrued when earned.

Fair Value Measurements:

Accounting Standards Codification (ASC) Fair Value Measurements establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles (GAAP) and disclosures about the fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of an asset or liability on the measurement date. The three levels of the fair value hierarchy are described below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices identical to assets or liabilities in active markets.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value Measurements: (Continued)

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

MCCA manages its liquidity by structuring its financial assets to be available as expenditures, liabilities and other obligations come due. The following table reflects MCCA’s financial assets (cash and cash equivalents and grants receivable) as of June 30, 2021 and 2020, reduced by amounts not available for expenses within one year of the statement of financial position date, if any:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 386,047	\$ 448,332
Grants receivable	544,395	452,381
Total financial assets	\$ 930,442	\$ 900,713
Less: Board Designated Net Assets	(77,254)	(63,948)
Financial assets available to meet cash needs for general operating expenses within one year	\$ 853,188	\$ 836,765

3. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30 was as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 197,795	\$ 197,795
Building	1,063,914	1,063,914
Vehicles	31,167	31,167
Equipment and furnishings	199,444	199,444
Total	1,492,320	1,492,320
Less: accumulated depreciation	(649,400)	(578,227)
Property and Equipment, Net	\$ 842,920	\$ 914,093

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

3. PROPERTY AND EQUIPMENT:

For the years ended June 30, 2021 and 2020, depreciation expense was \$71,173 and \$52,910, respectively.

4. LONG-TERM DEBT:

As of June 30, MCCA's long-term debt is as follows:

	<u>2021</u>	<u>2020</u>
Note payable to a bank, dated April 25, 2016, with a maturity date of May 1, 2023, principal payable in 11 monthly installments of \$909 and 1 installment each May of \$15,000, plus interest each month at a rate of 2.99%, secured by deposit accounts.	\$ <u>49,091</u>	\$ <u>74,091</u>
Total debt	49,091	74,091
Current maturities of long-term debt	<u>(25,000)</u>	<u>(25,000)</u>
Long-term debt	\$ <u>24,091</u>	\$ <u>49,091</u>

Principal payments for future fiscal years are as follows:

2022	\$ 25,000
2023	<u>24,091</u>
	\$ <u>49,091</u>

Interest expense and paid on long-term debt for the years ended June 30, 2021 and 2020 was \$2,490 and \$2,872, respectively.

5. LINE OF CREDIT:

MCCA has an unsecured line of credit agreement with an available balance of \$15,000 as of June 30, 2021, which carries an interest rate of 7.75%. At June 30, 2020, the available balance was \$15,000 with an interest rate of 10.00%. The agreement has an open maturity date. As of June 30, 2021 and 2020, there were no outstanding borrowings against this line of credit.



METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

6. AGENCY ENDOWMENT FUND:

During the year ended June 30, 2012, MCCA entered into an Agency Endowment Fund with the Greater New Orleans Foundation (the Foundation). This fund is accounted for under guidance from Financial Accounting Standards Board Codification Topic 958 and is described as "...a charitable fund established by a nonprofit agency for the benefit of the nonprofit agency." The Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of MCCA.

Investment Return Objective, Risk Parameters and Strategies:

The primary financial objective of the Foundation is to increase the real purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowments are invested in a diversified asset mix that is intended to meet this objective. The Foundation's investments in marketable securities with readily determinable fair values are valued at their fair value in the statement of financial position. The Foundation has established a 5% real rate of return objective for the portfolio.

Spending Policy:

Under the terms of the agreement between MCCA and the Foundation, the Foundation will distribute a portion of the earnings of the fund back to the nonprofit agency annually. The Foundation makes available on an annual basis 4% of the 12-quarter rolling average market value of the funds. The cutoff for the calculation is September 30<sup>th</sup> of each year and all new endowment funds must be for four (4) full quarters prior to December 31<sup>st</sup> of each year in order for any appropriation to be made available. The principal balance of \$55,000 is retained by the Foundation and is not distributed to MCCA.

Endowment net asset composition by type of fund as of June 30, was as follows:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions		
Board-designated endowment funds	<u>\$ 77,254</u>	<u>\$ 63,948</u>

Changes in endowment net assets as of June 30, was as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 63,948	\$ 65,847
Investment return, net	15,939	699
Distributions	<u>(2,633)</u>	<u>(2,598)</u>
Endowment net assets, end of year	<u>\$ 77,254</u>	<u>\$ 63,948</u>

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

6. AGENCY ENDOWMENT FUND: (Continued)

The funds transferred to the Foundation are subject to the Foundation's variance power. MCCA's investment in the fund is reported as "Beneficial interest in asset held by Greater New Orleans Foundation" on the statements of financial position.

7. CERTIFICATES OF DEPOSIT:

MCCA has certificates of deposit with an original maturity date of more than 3 months. MCCA's certificates of deposits consist of:

June 30, 2021

	Interest			
	<u>Rate</u>	<u>Term</u>	<u>Maturity</u>	<u>Amount</u>
Regions Bank	0.25%	2.5 Years	1/3/2023	\$ 117,924
Chase Bank	0.05%	1 Year	3/20/2022	103,570
				<u>\$ 221,494</u>

June 30, 2020

	Interest			
	<u>Rate</u>	<u>Term</u>	<u>Maturity</u>	<u>Amount</u>
Regions Bank	0.25%	2.5 Years	1/3/2023	\$ 117,777
Chase Bank	0.05%	1 Year	2/20/2021	103,537
				<u>\$ 221,314</u>

8. FAIR VALUE MEASUREMENTS:

MCCA's certificates of deposits are valued at current market value. This market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The certificates of deposit are considered a level 1 investment as defined by FASB ASC 820.

MCCA's beneficial interest in the asset held by Greater New Orleans Foundation valued at current market price using quoted market prices for similar assets in active markets using significant other observable inputs. MCCA's beneficial interest is considered a Level 2 investment as defined by FASB ASC 820.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

8. FAIR VALUE MEASUREMENTS: (Continued)

Fair values of assets measured are as follows:

	<u>Recurring Fair Value Measurement:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
June 30, 2021				
Certificates of Deposit		<u>\$ 221,494</u>	<u>\$ 221,494</u>	<u>\$ -</u>
Beneficial interest in assets held by Greater New Orleans Foundation		<u>\$ 77,254</u>	<u>\$ -</u>	<u>\$ 77,254</u>
June 30, 2020				
Certificates of Deposit		<u>\$ 221,314</u>	<u>\$ 221,314</u>	<u>\$ -</u>
Beneficial interest in assets held by Greater New Orleans Foundation		<u>\$ 63,948</u>	<u>\$ -</u>	<u>\$ 63,948</u>

Following is a summary of investment return for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 1,462	\$ 1,170
Realized gains	1,906	1,191
Unrealized (losses) gains	<u>13,763</u>	<u>(694)</u>
Total investment return	<u>\$ 17,131</u>	<u>\$ 1,667</u>

9. LEASE COMMITMENTS:

MCCA leases its Jefferson Parish East Bank building in which the administrative offices and a shelter are housed. MCCA does not pay rent at this location, and the lease is renewable on a year to year basis. Total in-kind contributions for rent at this location amounted to \$87,570 for each of the years ended June 30, 2021 and 2020.

MCCA leases individual office space donated by various governmental agencies and other not-for-profits on an as needed basis to meet with customers of MCCA services. MCCA does not pay for rental of this space, which is reported as in-kind contributions in the statement of activities. In-kind contributions for rent was \$- and \$22,185 for the years ended June 30, 2021 and 2020, respectively.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

10. CONCENTRATIONS AND CREDIT RISK:

A substantial portion of MCCA's support and revenue is derived from grants. For the years ending June 30, 2021 and 2020 approximately 78% and 72%, respectively, of its total revenues were from Federal, State and private grantors.

Custodial credit risk is the risk that in the event of a bank failure, MCCA's deposits may not be returned to it. The Federal Deposit Insurance Corporation ("FDIC") insures all deposits owned by a corporation, partnership or unincorporated association at the same bank up to \$250,000. As of June 30, 2021 and 2020, the amount of cash on deposit that exceeded the FDIC coverage limits was \$96,925 and \$156,032, respectively.

11. CONTINGENCIES:

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 of applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time, although MCCA expects any such amounts to be immaterial.

12. RISK MANAGEMENT:

MCCA is exposed to various risks of loss related to torts; theft of, damage of, and destruction of assets; errors and omissions; and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

13. BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors serves and directs MCCA on a voluntary basis. The Board does not receive compensation.

14. CHANGE IN ACCOUNTING PRINCIPLE:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. CHANGE IN ACCOUNTING PRINCIPLE: (Continued)

The change in accounting principle was adopted on a modified prospective basis as of July 1, 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. In comparison to the year ended June 30, 2019, the effect of adopting the new accounting principle was an increase in refundable advances and a decrease in grant revenues by \$11,160 in the year ended June 30, 2020.

15. PAYCHECK PROTECTION PROGRAM:

MCCA received a loan from Hope Federal Credit Union through the Small Business Administration (SBA) in the amount of \$159,900 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated July 2, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is due July 2, 2025.

MCCA has recorded the PPP loan and subsequent forgiveness in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, and has considered the PPP loan to be a conditional contribution. In accordance with ASC 958-605, conditional contributions are not recognized until the conditions are substantially met or explicitly waived. In cases where conditions are met over time or in stages, contributions should be recognized as qualifying expenses are incurred. Under this model, MCCA recognized the proceeds from the PPP loan as a governmental grant in the amount of \$159,900 since the conditions for forgiveness were met and forgiveness was received during the year ended June 30, 2021.

16. UNCERTAINTIES:

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could possibly impact MCCA. Management has been unable to determine the effect on MCCA.

17. SUBSEQUENT EVENTS:

On August 29, 2021, Hurricane Ida made landfall in southern Louisiana. The outreach offices located in the River Parishes were damaged and are currently unusable. An estimate of the financial effect on MCCA is not able to be evaluated at this time.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2021, and determined that no other events have occurred that require disclosure.

18. RECLASSIFICATIONS:

Certain amounts in 2020 have been reclassified to conform to the current year presentation.

METRO CENTER FOR COMMUNITY ADVOCACY, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2021

Agency Head Name: Darlene Santana, Executive Director

Purpose	<u>Amount</u>
Salary	\$ 107,326
Health insurance	10,779
Taxes - payroll	7,232
Workers compensation	2,258
Cell phone	<u>796</u>
 TOTAL	 <u><u>\$ 128,391</u></u>



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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*

December 28, 2021

Board of Directors of  
Metro Centers for Community Advocacy, Inc.  
Jefferson, 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 Metro Centers for Community Advocacy, Inc. ("MCCA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2021.

### Internal Control over Financial Reporting

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

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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. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 21-01, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MCCA'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*.

### **MCCA's Response to Findings**

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

### **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 MCCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Sharpner, Hogan and Gruber, LLP*  
New Orleans, Louisiana





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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

December 28, 2021

Board of Directors of  
Metro Centers for Community Advocacy, Inc.  
Jefferson, Louisiana

### Report on Compliance for the Major Federal Program

We have audited Metro Centers for Community Advocacy, Inc.'s ("MCCA") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on MCCA's major federal program for the year ended June 30, 2021. MCCA'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 program.

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## **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for MCCA'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 MCCA'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 MCCA's compliance.

## **Opinion on the Major Federal Program**

In our opinion, MCCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *Uniform Guidance*.

## **Report on Internal Control over Compliance**

Management of MCCA 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 MCCA'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 MCCA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Duplantier, Sharpman, Hogan and Drake, LLP*  
New Orleans, Louisiana

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass Through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Sub-Award Local Grant Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice</b>			
Passed through Louisiana Commission on Law Enforcement			
Crime Victim Assistance	* 16.575	2018-VA-01-4981	\$ 386,232
Crime Victim Assistance	* 16.575	2019-VA-01-5454	57,932
			<u>444,164</u>
Violence Against Women Formula Grants	16.588	2020-WF-03-5860	8,626
Violence Against Women Formula Grants	16.588	2019-WF-03-5387	9,392
Violence Against Women Formula Grants	16.588	2020-WF-03-5870	26,707
Violence Against Women Formula Grants	16.588	2019-WF-03-5388	19,099
			<u>63,824</u>
Sexual Assault Services Program	16.017	2020-KF-AX-0051	44,976
Sexual Assault Services Program	16.017	2019-KF-AX-0004	13,021
			<u>57,997</u>
<b>Total U.S. Department of Justice</b>			<u>565,985</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Jefferson Parish Department of Community Development Programs			
Emergency Solutions Grant Program	14.231	Resolution # 136778	50,782
Emergency Solutions Grant Program - COVID	14.231	Resolution # 137363	30,630
			<u>81,412</u>
Passed through UNITY of Greater New Orleans			
Turning Point Project	14.267	LA0342D6H001900	295,282
<b>Total U.S. Department of Housing and Urban Development</b>			<u>376,694</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Louisiana Department of Children and Family Services			
Family Violence Prevention and Service/Domestic Violence Shelter and Supportive Services	93.671	PO #2000358670	463,682
Family Violence Prevention and Service/Domestic Violence Shelter and Supportive Services - CARES	93.671		6,065
			<u>469,747</u>

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass Through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Sub-Award Local Grant Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed through Substance Abuse and Mental Health Services Administration Drug-Free Communities Support Program Grants	93.276		<u>318,933</u>
Passed through U.S. Committee for Refugees and Immigrants Trafficking Victim Assistance Program	93.598		<u>21,586</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>810,266</u>
<b>National Highway Traffic Safety Administration</b>			
Passed through Louisiana Highway Safety Commission State and Community Highway Safety	20.600		<u>17,500</u>
<b>Total National Highway Traffic Safety Administration</b>			<u>17,500</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,770,445</u>

\* Major Program

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Metro Centers for Community Advocacy, Inc. ("MCCA") under programs of the federal government for the year ended June 30, 2021. The information presented 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*). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

1. 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 *Uniform Guidance*, wherein certain types of expenditures are not be allowable or are limited as to reimbursement.

2. INDIRECT COST RATE:

MCCA elected not to use the 10-percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

3. SUBRECIPIENTS:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Crime Victim Assistance	16.575	\$ 444,164
Violence Against Women Formula Grants	16.588	63,824
Sexual Assault Services Program	16.017	57,997
Emergency Solutions Grant Program	14.231	81,412
UNITY Turning Point Project	14.267	295,282
Family Violence Prevention and Service/Domestic Violence Shelter and Supportive Services	93.671	463,682
Family Violence Prevention and Service/Domestic Violence Shelter and Supportive Services - CARES		6,065

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

3. SUBRECIPIENTS: (Continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Substance Abuse and Mental Health Services Administration Drug-Free Communities Support Program Grants	93.276	318,933
Trafficking Victim Assistance Program	93.598	21,586
State and Highway Safety	20.600	<u>17,500</u>
		<u>\$ 1,770,445</u>

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR’S RESULTS:

The opinion issued on the financial statements of Metro Centers for Community Advocacy, Inc., for the year ended June 30, 2021 was unmodified.

Internal Control over financial reporting:

Material weaknesses:               None noted.  
 Significant deficiencies:           Yes – finding 21-01

Noncompliance material to financial statements:     None noted.

FEDERAL AWARDS:

Internal Control over major programs:

Material weaknesses:               None noted.  
 Significant deficiencies:           None noted.

Type of auditor’s report issued on compliance for the major federal award program: unmodified.

Any audit findings disclosed that are required to be reported  
 in accordance with Uniform Guidance, Title 2 U.S. Code of  
 Federal Regulations (CFR) section 200.516(a):                               \_\_\_yes                       X no

Identification of major program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Crime Victim Assistance	16.575	<u>\$ 444,164</u>
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?	<u>X</u> yes	___no



METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

Internal Controls – Significant deficiency

21-01 General Ledger

During the performance of audit procedures, we noted the following:

- a. Funds received were recorded to cash and revenue. However, the transaction had previously been recorded in accounts receivable and revenue. Not recording the receipt of funds against accounts receivable resulted in an overstatement of revenue and accounts receivable;
- b. The final payroll period for the year, paid subsequent to year end, was posted as a cash withdrawal on the last day of the year instead of the date the payroll was paid resulting in an understatement of cash and accrued payroll;
- c. Disbursements paid after year end were posted to the current fiscal year.

MCCA should properly record transactions in the correct fiscal year to ensure accurate financial statements. In addition, MCCA should review the status of receivables to ensure collected receivables are being posted and cleared from the receivable account. Not recording transactions correctly could result in inaccurate financial statements.

We recommend MCCA properly record transactions in the correct fiscal year to ensure accurate financial statements and implement a procedure to track the receipt of receivables.

Management's Response:

MCCA experienced turnover in the Financial Officer position- one which occurred 2 weeks before the start of our fiscal year, and another which occurred several months into the fiscal year. In early 2021, MCCA retained an external consultant who reviews QuickBooks monthly and reconciles our accounts for separation of duties and internal controls. The external consultant previously performed accounting consultant services for MCCA.

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS: (Continued)

Internal Controls – Significant deficiency (Continued)

21-01 General Ledger (Continued)

Management’s Response: (Continued)

- a. Two drawdown requests were rejected early in the fiscal year, and this was not noted in QuickBooks. As a result, subsequent receipts were credited against the incorrect months’ receivables. Because both the Financial Officer and the external consultant were hired during the fiscal year, this issue was not identified prior to the audit. MCCA has reconciled these receivables and payments, and corrections will be made in QuickBooks.
- b. The Financial Officer and external consultant identified an issue with the way the payroll was posted into QuickBooks after the reports had been sent to DHHM in preparation for the audit. MCCA has corrected all the payroll postings after the fiscal year. No changes were made to the 2020-2021 fiscal year payroll because field work was in process.
- c. Due to a change in the reporting process on a large grant, MCCA had \$35,000 in unbudgeted funds that needed to be spent by the grant end date of June 30, 2021. MCCA learned of this in late May 2021. Several large purchases were delayed in shipping, causing the charges to appear on the credit card a few days into the 2021-2022 fiscal year. These items were budgeted for the 2020-2021 fiscal year, and MCCA would have lost the money because of the shipping delays. The grantor allowed those items to be included on the June 2021 invoice and receivable if they had been ordered prior to June 30, 2021. This was a unique situation that MCCA does not anticipate happening in the future.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS: None

METRO CENTERS FOR COMMUNITY ADVOCACY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF PRIOR YEAR FINDINGS:

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

Internal Controls – Significant deficiency

20-01 General Ledger

During the performance of audit procedures, we noted the following:

- a. Funds received subsequent to year-end were posted to the general ledger in the current fiscal year resulting in an overstatement in cash and an understatement of accounts receivable. Additionally, funds received in the current year were still included in accounts receivable resulting in an overstatement of revenue and accounts receivable;
- b. The final payroll period for the year, paid subsequent to year end, was posted as a cash withdrawal on the last day of the year instead of the date the payroll was paid resulting in an understatement of cash and accrued payroll;
- c. In-kind contribution revenue and in-kind contribution expense were not recorded for rent on the eastbank building resulting in an understatement of revenues and expenses;
- d. Year-end cash reconciliations did not agree with the cash balances on the year-end trial balance resulting in incorrect internal reporting.

MCCA should properly record transactions in the correct fiscal year to ensure accurate financial statements. In addition MCCA should report all in-kind contributions for rent and the related expense. Lastly, MCCA should properly reconcile the cash bank balance to the general ledger.

We recommended MCCA properly record transactions in the correct fiscal year to ensure accurate financial statements, report all in-kind contributions and the related expense for rent and properly reconcile their cash account to the general ledger.

Status:

MCCA recorded in kind contributions and expenses correctly, year-end cash reconciled balance agreed to the general ledger and funds received subsequent to year end were posted in the correct year. However, the final payroll was not recorded correctly and current year funds received were still included in accounts receivable. See current year comment 21-01.