

ACADIANA OUTREACH CENTER, INC.

Financial Report

Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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To the Officers and Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 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 Acadiana Outreach Center, Inc. as of June 30, 2018, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2018, on our consideration of Acadiana Outreach Center, 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 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 Acadiana Outreach Center, Inc.'s internal control over financial reporting and compliance.

Report on June 30, 2017 Financial Statements

The financial statements of Acadiana Outreach Center, Inc. as of June 30, 2017 were audited by other auditors whose report dated December 29, 2017, expressed an unmodified opinion on those statements.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 5, 2018

FINANCIAL STATEMENTS

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Financial Position
June 30, 2018 and 2017

| | 2018 | 2017 |
|-----------------------------------|------------|------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 206,978 | \$ 180,679 |
| Receivables: | | |
| Grants | 38,973 | 21,745 |
| Other | 1,500 | - |
| Prepaid expenses | 6,272 | 5,375 |
| Total current assets | 253,723 | 207,799 |
| Property and equipment, net | 188,622 | 195,460 |
| Total assets | \$ 442,345 | \$ 403,259 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 304 | \$ 1,360 |
| Accrued salaries | 11,200 | 9,607 |
| Compensated absences | 1,261 | 3,586 |
| Total current liabilities | 12,765 | 14,553 |
| Net assets: | | |
| Unrestricted | 429,580 | 388,706 |
| Total liabilities and net assets | \$ 442,345 | \$ 403,259 |

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Activities
For The Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|-------------------|-------------------|
| Changes in unrestricted net assets: | | |
| Revenues - | | |
| Grants | \$ 355,291 | \$ 201,532 |
| Contributions | 66,069 | 53,125 |
| Special events | 178,937 | 116,984 |
| Program revenue | 2,529 | 37,767 |
| In-kind donations | 19,318 | 18,025 |
| Investment income | 2,534 | 1,392 |
| Other income | <u>7,299</u> | <u>7,467</u> |
| Total unrestricted revenue | <u>631,977</u> | <u>436,292</u> |
| Expenses - | | |
| Program services | <u>489,289</u> | <u>404,681</u> |
| Supporting services: | | |
| Management and general | 7,868 | 9,418 |
| Fundraising | <u>93,946</u> | <u>48,082</u> |
| Total supporting services | <u>101,814</u> | <u>57,500</u> |
| Total expenses | <u>591,103</u> | <u>462,181</u> |
| Change in net assets | 40,874 | (25,889) |
| Net assets, beginning of year | <u>388,706</u> | <u>414,595</u> |
| Net assets, end of year | <u>\$ 429,580</u> | <u>\$ 388,706</u> |

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2018

| | Program Services | Supporting Services | | Total Supporting Services | Total Expenses |
|-------------------------|---------------------|------------------------------|------------------|---------------------------------|-------------------|
| | | Management and General | Fundraising | | |
| Salaries and wages | \$ 249,143 | \$ 4,055 | \$ 8,110 | \$ 12,165 | \$ 261,308 |
| Client assistance | 155,801 | - | - | - | 155,801 |
| Depreciation | 8,396 | 442 | - | 442 | 8,838 |
| Fundraising | - | - | 70,415 | 70,415 | 70,415 |
| In-kind donations | 2,318 | - | 15,000 | 15,000 | 17,318 |
| Insurance | 17,659 | 929 | - | 929 | 18,588 |
| Miscellaneous | 9,615 | 516 | - | 516 | 10,131 |
| Office expense | 11,397 | 600 | - | 600 | 11,997 |
| Professional fees | 8,750 | 96 | 421 | 517 | 9,267 |
| Repairs and maintenance | 11,822 | 622 | - | 622 | 12,444 |
| Staff development | 2,832 | - | - | - | 2,832 |
| Utilities | 11,556 | 608 | - | 608 | 12,164 |
| Total | <u>\$ 489,289</u> | <u>\$ 7,868</u> | <u>\$ 93,946</u> | <u>\$ 101,814</u> | <u>\$ 591,103</u> |

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2017

| | Program Services | Supporting Services | | Total Supporting Services | Total Expenses |
|-------------------------|---------------------|------------------------------|------------------|---------------------------------|-------------------|
| | | Management and General | Fundraising | | |
| Salaries and wages | \$ 255,861 | \$ 3,965 | \$ 7,930 | \$ 11,895 | \$ 267,756 |
| Client assistance | 55,907 | - | - | - | 55,907 |
| Depreciation | 9,818 | 517 | - | 517 | 10,335 |
| Fundraising | - | - | 22,642 | 22,642 | 22,642 |
| In-kind donations | 515 | - | 17,510 | 17,510 | 18,025 |
| Insurance | 17,700 | 932 | - | 932 | 18,632 |
| Miscellaneous | 7,742 | 408 | - | 408 | 8,150 |
| Office expense | 9,574 | 504 | - | 504 | 10,078 |
| Professional fees | 13,135 | 1,325 | - | 1,325 | 14,460 |
| Repairs and maintenance | 16,795 | 884 | - | 884 | 17,679 |
| Staff development | 856 | - | - | - | 856 |
| Utilities | 16,778 | 883 | - | 883 | 17,661 |
| Total | <u>\$ 404,681</u> | <u>\$ 9,418</u> | <u>\$ 48,082</u> | <u>\$ 57,500</u> | <u>\$ 462,181</u> |

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Statements of Cash Flows
For The Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 40,874 | \$ (25,889) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities - | | |
| Depreciation | 8,838 | 10,335 |
| Donation of equipment | (2,000) | - |
| Change in current assets and liabilities: | | |
| Grants receivable | (17,228) | (4,786) |
| Other receivables | (1,500) | - |
| Prepaid expenses | (897) | (1,149) |
| Accounts payable | (1,056) | (894) |
| Deferred revenue | - | (1,000) |
| Accrued payroll | 1,593 | (1,445) |
| Compensated absences | <u>(2,325)</u> | <u>2,209</u> |
| Net cash provided (used) by investing activities | 26,299 | (22,619) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | <u>-</u> | <u>(15,022)</u> |
| Net increase (decrease) in cash and cash equivalents | 26,299 | (37,641) |
| Cash and cash equivalents, beginning of year | <u>180,679</u> | <u>218,320</u> |
| Cash and cash equivalents, end of year | <u>\$ 206,978</u> | <u>\$ 180,679</u> |
| Supplemental information: | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Acadiana Outreach Center, Inc. (the Organization or AOC) was organized under the provisions of R.S. 1950, Title 12, Chapter 2, as amended, of the State of Louisiana on November 5, 1990. The Organization constitutes a not-for-profit corporation, organized exclusively for charitable, educational, and scientific purposes. The Acadiana Outreach Center, Inc. focuses on the needs of the poor and homeless in South Louisiana areas by providing housing and support services, emergency/transitional shelter, basic needs services, and comprehensive case management services to fight poverty and homelessness. The Organization's major programs are as follows:

Lighthouse Shelter - The Lighthouse is an emergency/transitional shelter for homeless families. The Lighthouse is a twenty-eight (28) bed facility providing case management, housing referrals, job placement assistance, life skills training, plus the basic necessities of food, shelter, and clothing.

Rapid Rehousing Programs - In 2016 Acadiana Outreach Center applied for and was granted funds from the U.S. Department of Housing and Urban Development (HUD) to provide Rapid Rehousing services for individuals and families experiencing homelessness. This program provides rental assistance, rent/utility deposit assistance, case management, and other support services.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have any temporarily or permanently restricted net assets at June 30, 2018 and 2017.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

C. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

E. Property and Equipment

Property and equipment are stated at historical cost, if purchased. Donations of property and equipment are recorded as contributions at their estimated market value. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Depreciation is computed by the straight line method at rates based on the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|------------------------------------|-------------------------------|
| Buildings and improvements | 7 - 39 years |
| Furniture, fixtures, and equipment | 5 - 15 years |
| Vehicles | 5 years |

F. Revenue/Expense Recognition and Receivables

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants for fee income are recorded as unrestricted net assets in the statements of activities. Grants receivable represent amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

An allowance for doubtful accounts is based on management's estimate of collectability of receivables based on economic conditions, experience, and other relevant factors. All receivables are deemed collectable and an allowance for doubtful accounts has not been recorded as of June 30, 2018 and 2017.

G. Functional Allocation of Expenses

The costs of providing the 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.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the 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 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. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally three years after they are filed.

I. Compensated Absences

Vacation, personal, and sick leave are recorded as expenses of the period in which earned. Although personal and sick leave are available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon separation for all employees. At June 30, 2018 and 2017, the accrued vacation leave amounted to \$1,261 and \$3,586, respectively.

J. Donated Facilities, Materials, and Services

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the years ended June 30, 2018 and 2017, there were no contributed services meeting the requirements for recognition.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The Organization received contributions of auction items for the Palates & Pate auction and various donated supplies to be used within the programs and distributed to clients without charge. Additionally, the Organization received a copier that was donated without restriction to its use during the fiscal year ended June 30, 2018. These contributions have been recorded at their estimated market value as revenue with the offset recorded to expenses. The values of in-kind contributions received during the years ended June 30, 2018 and 2017 were \$19,318 and \$18,025, respectively.

K. Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for each of the years ended June 30, 2018 and 2017.

L. New Accounting Pronouncements

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks required. This standard is effective for fiscal years beginning after December 15, 2017.

The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

(2) Property and Equipment

Property and equipment consist of the following as of June 30, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------------|-------------------|
| Land | \$ 56,500 | \$ 56,500 |
| Buildings and improvements | 249,501 | 249,501 |
| Vehicles | 39,544 | 39,544 |
| Furniture, fixtures, and equipment | <u>32,197</u> | <u>30,197</u> |
| Total property and equipment | 377,742 | 375,742 |
| Less: Accumulated depreciation | <u>(189,120)</u> | <u>(180,282)</u> |
| Property and equipment, net | <u>\$ 188,622</u> | <u>\$ 195,460</u> |

Total depreciation expense for the years ended June 30, 2018 and 2017 was \$8,838 and \$10,335, respectively.

ACADIANA OUTREACH CENTER, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) Line of Credit

On June 2, 2017, the Organization entered into an unsecured \$50,000 line of credit with a financial institution with a maturity date of June 1, 2018. Interest is payable monthly continuing until the debt is paid in full. Interest is at a rate based on the prime rate of interest published in the Wall Street Journal, plus a margin (4.50% beginning June 2, 2017). The interest rate was 8.75% at June 30, 2017. The amount outstanding at June 30, 2017 was \$0. The Organization did not renew the line of credit upon expiration on June 1, 2018.

(4) Concentration of Credit Risk

The Organization maintains cash 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 June 30, 2018 and 2017, the Organization's cash balances were fully secured.

(5) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 Acadiana Outreach Center, Inc. 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.

(6) Risk Management

The Acadiana Outreach Center, Inc. is exposed to risks of loss in the areas of health care, general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

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

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended June 30, 2018.

(8) Subsequent Event Review

The Organization's management has evaluated subsequent events through September 5, 2018, the date which the financial statements were available to be issued and determined that no events have occurred that require additional disclosure.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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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

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* A Professional Accounting Corporation

To the Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, 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 the Acadiana Outreach Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 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 September 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Acadiana Outreach Center, Inc.'s (Organization) 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 the Acadiana Outreach Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 suited 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 Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 5, 2018

ACADIANA OUTREACH CENTER, INC.
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Completion Date |
|----------|---|------------------------|-------------------------------|---------------------------|------------------------------|--------------------|
|----------|---|------------------------|-------------------------------|---------------------------|------------------------------|--------------------|

CURRENT YEAR (6/30/2018) --

Internal Control:

There were no findings that were required to be reported.

Compliance:

There were no findings that were required to be reported.

PRIOR YEAR (6/30/2017) --

Internal Control:

There were no findings that were required to be reported.

Compliance:

There were no findings that were required to be reported.