

**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Leesville, Louisiana**

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**Financial Statements**  
**December 31, 2014**

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# STEVEN M. DEROUEN & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vernon Community Action Council, Inc.  
Leesville, Louisiana

### Report on the Financial Statements

I have audited the accompanying statement of financial statements of Vernon Community Action Council, Inc., (a non-profit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vernon Community Action Council, Inc. as of December 31, 2014, 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.

## **Emphasis-of-Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 10 to the financial statements, the Organization has suffered significant reductions in grant revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. My opinion is not modified with respect to that matter.

## **Other Matters**

### **Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements of Vernon Community Action Council, Inc. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with Government Auditing Standards, I have also issued my report dated June 30, 2014, on my consideration of Vernon Community Action Council, Inc.'s internal control over financial reporting and on my 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 my 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 Vernon Community Action Council, Inc.'s internal control over financial reporting and compliance.

*Steven M. DeRouen & Associates*

Lake Charles, Louisiana

July 17, 2015

**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Statement of Financial Position**  
**As of December 31, 2014**

**Assets**

**Current Assets:**

Cash	\$	12,958
Grant receivables		19,645
Prepaid insurance		10,246

Total Current Assets		42,849
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**Noncurrent Assets:**

Fixed assets		146,976
Accumulated depreciation		(135,618)

Total Noncurrent Assets		11,358
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<b>Total Assets</b>	<b>\$</b>	<b>54,207</b>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$	20,920
Accrued payroll liabilities		63,096
Line of credit		57,337

Total Current Liabilities/Total Liabilities		141,353
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<b>Net Deficit - Unrestricted</b>		<b>(87,146)</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>54,207</b>
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**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Statement of Activity**  
**For The Year Ended December 31, 2014**

<b>Support:</b>	
Government Grants	\$ 505,478
Miscellaneous Revenues	116,695
	622,173
Total Support	622,173
<b>Expenses:</b>	
Local	20,983
HUD Supportive Housing	65,646
ESG	71,240
Charitable Gaming	55,242
WAP	181,834
CSBG	125,569
LIHEAP	47,432
	567,946
Total Expenses	567,946
Change in Net Assets	54,227
<b>Net Deficit - Unrestricted, Beginning of Period</b>	(141,373)
<b>Net Deficit - Unrestricted, End of Period</b>	\$ (87,146)

The accompanying notes are an integral part of this statement.

VERNON COMMUNITY ACTION COUNCIL, INC.

Statement of Cash Flows  
For the Year Ended December 31, 2014

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from supporters, grants, programs, fees	\$ 656,662
Cash paid to employees, suppliers, and for programs	<u>(644,807)</u>
<b>Net Cash Used by Operating Activities</b>	<u>11,855</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Other	<u>186</u>
<b>Net Cash Provided by Financing Activities</b>	<u>186</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	12,041
<b>CASH AT BEGINNING OF YEAR</b>	<u>917</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 12,958</u></u>
<b>RECONCILIATION OF INCREASE IN UNRESTRICTED NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Increase (decrease) in unrestricted net assets	\$ 54,227
Adjustments to reconcile changes in excess of revenue and support over expenses to net cash provided by operating activities:	
Depreciation	7,347
(Increase) decrease in receivables and prepaid expenses	36,589
Increase (decrease) in accounts payable and payroll liabilities	<u>(86,308)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 11,855</u></u>

The accompanying notes are an integral part of this statement.

**VERNON COMMUNITY ACTION COUNCIL, INC.**

**Statement of Functional Expenses**

**For The Year Ended December 31, 2014**

	<u>Local Funds</u>	<u>HUD Supportive Housing</u>	<u>ESG</u>
Salaries	\$ 1,217	36,975	16,106
Payroll taxes	97	2,958	1,288
Insurance	3,554	10,777	10,881
Utility assistance	-	-	-
Food and nutrition	-	-	1,507
Rental assistance	-	-	-
Operations	4,373	2,105	29,220
Professional fees/contracts	-	-	-
Miscellaneous	1,567	-	-
Rent	1,000	-	-
Repairs and maintenance	-	5,879	-
Seminars and workshops	-	-	-
Supplies and materials	-	652	562
Telephone	55	-	-
Travel	775	-	-
Utilities	161	6,300	11,676
Penalties and interest	837	-	-
Depreciation	7,347	-	-
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>20,983</u>	<u>65,646</u>	<u>71,240</u>



VERNON COMMUNITY ACTION COUNCIL, INC.

Statement of Functional Expenses

For The Year Ended December 31, 2014

	<u>Charitable Gaming</u>	<u>WAP</u>	<u>CSBG</u>
Salaries	1,242	71,365	66,194
Payroll taxes	692	5,709	5,296
Insurance	-	5,258	13,632
Utility assistance	-	-	-
Food and nutrition	-	-	-
Rental assistance	-	-	-
Operations	11,763	11,718	5,630
Professional fees/contracts	-	-	2,750
Miscellaneous	-	-	-
Rent	40,130	650	9,443
Repairs and maintenance	-	-	-
Seminars and workshops	-	-	8,817
Supplies and materials	1,415	86,806	2,933
Telephone	-	75	1,430
Travel	-	-	-
Utilities	-	253	9,444
Penalties and interest	-	-	-
Depreciation	-	-	-
Total Expenses	<u>55,242</u>	<u>181,834</u>	<u>125,569</u>

**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2014**

	<u>LIHEAP</u>		<u>Total</u>
Salaries	19,529	\$	212,628
Payroll taxes	1,562		17,602
Insurance	100		44,202
Utility assistance	22,856		22,856
Food and nutrition			1,507
Rental assistance	330		330
Operations	-		64,809
Professional fees/contracts	-		2,750
Miscellaneous	-		1,567
Rent	700		51,923
Repairs and maintenance	-		5,879
Seminars and workshops	-		8,817
Supplies and materials	-		92,368
Telephone	80		1,640
Travel	-		775
Utilities	2,275		30,109
Penalties and interest	-		837
Depreciation	-		7,347
	<u>          </u>		<u>          </u>
Total Expenses	<u>47,432</u>	<u>\$</u>	<u>567,946</u>

VERNON COMMUNITY ACTION COUNCIL, INC.  
Notes to Financial Statements  
December 31, 2014

*Note 1 - Nature of Organization and Summary of Significant Accounting Policies:*

Nature of Organization

The Vernon Community Action Council, Inc., (Council) is a non-profit corporation incorporated to strengthen and preserve the dignity and economic mix of the parish. The work of the corporation significantly affects three levels of community life: helping individuals and families with housing and social services; establishing other programs designed to meet pressing community needs. The Council is exempt from state and federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Council's open audit periods are from 2011 through 2014.

The Council operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor, disadvantaged, and unemployed in Vernon Parish. The Council administers the following programs shown for the year ended December 31, 2014:

**Community Services Block Grant (CSBG)** Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged, and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

**Supportive Housing Grant (HUD)** Provides housing and services to assist homeless persons in the transition from homelessness and enable them to live independently. Funding is provided through federal funds from the U.S. Department of Housing and Urban Development.

**Weatherization Assistance Program (WAP)** Provides assistance to weatherize (insulate) the dwellings of low-income persons, particularly the elderly and handicapped low-income, in order to conserve needed energy and aid those persons least able to afford higher utility costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Council and the Louisiana Community Action Partnership.

**Low-Income Energy Assistance (LIHEAP)** Program provides assistance in the form of an energy payment to a vendor on behalf of hardship households and energy conservation education. Funding is provided by federal funds passed through the Louisiana Housing Finance Council and the Louisiana Community Action Partnership.

**Emergency Shelter Grants Program (ESG)** Program is designed to help improve the quality of existing emergency shelters for homeless individuals and families, make available additional emergency shelters, and meet the costs of operating emergency shelters and of providing essential social services to homeless individuals and families.

VERNON COMMUNITY ACTION COUNCIL, INC.  
Notes to Financial Statements (Continued)  
December 31, 2014

*Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):*

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with principles generally accepted in the United States of America. The Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Council does not have any temporarily or permanently restricted net assets. Grants restricted by grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants are recognized.

Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Council considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

It is the Council's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Funding Policies

The Council receives their monies through basically three methods of funding. Most of the funds are obtained through grants. Under this method, funds are received on a monthly allocation of the total budget in advance of the actual expenditure. The Council also receives funds as a reimbursement of actual expenditures. The other method by which the Council receives funding is through private and in-kind contributions.

VERNON COMMUNITY ACTION COUNCIL, INC.  
Notes to Financial Statements (Continued)  
December 31, 2014

*Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):*

Compensated Absences

Employees accrue vacation leave based on years of service. Employees with more than ten years of service may carry over unused personal time off to the next calendar year at a maximum of 240 hours. Accrued vacation leave totaled \$2,400 as of December 31, 2014.

Functional Expenses

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

Deposits with Financial Institutions

The Council's bank balances of deposits with financial institutions at December 31, 2014 were fully insured by the Federal Deposit Insurance Corporation.

*Note 2 - Board Members*

During the period covered by our audit, there were no payments made to or on behalf of board members.

*Note 3 - Claims and Contingencies*

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to allow ability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and the Council.

*Note 4 - Economic Dependency*

The Council receives the majority of its revenue from funds provided through grants. The grant amounts are appropriated each year by the Federal and State governments. The significant budget cuts are made at the Federal and/or State level, the amount of funds the association receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

VERNON COMMUNITY ACTION COUNCIL, INC.  
Notes to Financial Statements (Continued)  
December 31, 2014

*Note 5 - Grants Receivable*

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed by the grantor. Management considers all receivables to be collectible. Therefore, no allowance for doubtful accounts has been established.

Grants receivable at December 31, 2014 consisted of the following:

ESG	\$ 2,510
Local	7,758
WAP	7,292
CSBG	<u>2,085</u>
	<u>\$19,645</u>

*Note 6 - Property and Equipment*

Property and equipment consist of the following:

Land	\$ 4,000
Buildings	39,000
Equipment	36,323
Furniture and fixtures	7,231
Vehicles	60,422
Less: Accumulated depreciation	<u>(135,618)</u>
	<u>\$11,358</u>

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation of property and equipment is computed principally by the straight-line method over 5 – 27 years. Depreciation expense totaled \$7,347 for the year ending December 31, 2014

*Note 7 - Risk Management*

The Council is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Council carries commercial insurance for these risks.

*Note 8 - Fair Values of Financial Instruments*

The Council has a number of financial instruments, none of which is held for trading purposes. The Council estimates that the fair value of all financial instruments at December 31, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

VERNON COMMUNITY ACTION COUNCIL, INC.  
Notes to Financial Statements (Continued)  
December 31, 2014

*Note 8 - Fair Values of Financial Instruments (continued)*

The estimated fair value amounts have been determined by the Council using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Council could realize in a current market exchange. The recorded values of cash, receivables, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

*Note 9 - Line of Credit*

The Council has a demand bank line of credit totaling \$60,000 dated December 26, 2012 which is secured by the Council's cash accounts. As of December 31, 2014, the balance on the line of credit equaled \$57,337. Monthly interest only payments at a rate of 6.75% are required until January 29, 2015, at which time the principal is due in full.

*Note 10 - Going Concern*

At December 31, 2014, the Organization had a net deficiency in net assets totaling \$87,146 which raises substantial doubt about its ability to continue as a going concern. Management's plans to eliminate the Organization's deficit include: (1) continued reductions in hours of certain staff; (2) the Organization will also sell equipment and property that is no longer needed to operate; and (3) the Organization will increase the level of fund raising events. Management is of the opinion that these steps will eliminate the deficit of the Organization in less than one year.

*Note 11 - Building Lease*

The Council entered into a lease of a building for a period of three years with an effective date of April 2012. The lease amount is \$1,000 per month with an option to renew for three years at \$1,100 per month for an additional three years. Future minimum lease payments at December 31, 2014 are \$12,000 for year 2014 and \$3,000 for year 2015.

*Note 12 - Subsequent Events*

The Council evaluated its December 31, 2014 financial statements for subsequent events through July 17, 2015, the date the financial statements were available to be issued. The Council is not aware of any subsequent events which would require recognition or disclosure in the financial statements, other than those matters in the preceding paragraph.

# STEVEN M. DEROUEN & ASSOCIATES

*Certified Public Accountants*

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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*

The Board of Directors  
Vernon Community Action Council, Inc.  
Leesville, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vernon Community Action Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued or report thereon dated July 17, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Vernon Community Action Council, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vernon Community Action Council, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Vernon Community Action Council, Inc.'s internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

*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 on a timely basis. I consider Item 2014-01 in the schedule of findings and questioned costs to be a material weakness.



Board of Directors  
Vernon Community Action Council, Inc.  
Leesville, Louisiana  
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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. I consider the deficiencies described as Items 2014-02 and 2014-03 in the schedule of findings and questioned costs to be significant deficiencies.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Vernon Community Action Council, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my test disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-04.

### ***Vernon Community Action Council, Inc's Response to Findings***

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

### ***Purpose of this Report***

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana  
July 17, 2015

**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2014**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

1. The auditor’s report issued expresses an unmodified opinion on the financial statements of Vernon Community Action Council, Inc.
2. Internal control over financial reporting disclosed material weaknesses and significant deficiencies required to be reported in accordance with generally accepted governmental auditing standards in Section II.
3. There was one compliance finding required to be reported in accordance with generally accepted governmental auditing standards in Section II.
4. No deficiencies in internal control over major programs were disclosed by the audit of the financial statements.

VERNON COMMUNITY ACTION COUNCIL, INC.  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2014

SECTION II – FINDINGS

(2014-01) Financial Statement Reporting

The Organization maintains its books and records on the modified cash basis of accounting. The Organization relies on the auditing firm to prepare the external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the Organization's internal control structure and because of the limitations of the accounting staff, the design of the Organization's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency.

(2014-02) Late Payroll Tax Payments

Due to periods of cash shortages, payments of federal and state payroll taxes were paid late various times throughout 2014. These late payments resulted in penalties and interest. This is a repeat finding.

Management is presently working on payment arrangements with the State of Louisiana and is presently current on federal payroll tax payments.

(2014-03) Bank Account Reconciliation

During the audit it was noted that various checking account balances reported on the Council's general ledger did not agree with their respective bank reconciliations. This is a repeat finding.

I recommend that the Council implement procedures to insure that all bank accounts of the Council are reconciled monthly and that any un-reconciled variances are investigated and remedied in a timely manner. In addition, we recommend that reconciliations be reviewed and approved monthly by someone other than the preparer.

Management concurs with this recommendation and will implement procedures for someone other than the preparer of the bank reconciliation to review and approve the bank reconciliations. Any variances identified in the reconciliation process will be promptly and timely investigated.

(2014-04) Late Filing of Audit Report

The audit was not issued within six months of the close of its December 31, 2014 fiscal year-end. This is in violation of LSA R.S. 24:513 (A) (5).

The bookkeeper for the Council passed away during the fiscal year, resulting in the accounting information necessary to complete the audit to be late. Management has trained existing staff to overcome this issue in the future. The audit was issued on July 17, 2015.

**VERNON COMMUNITY ACTION COUNCIL, INC.**  
**Prior Year Findings and Questioned Costs**  
**Year Ended December 31, 2014**

**SECTION III – PRIOR YEAR FINDINGS**

(2013-01) Financial Statement Reporting

The Organization relies on the auditing firm to prepare the external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the Organization's internal control structure and because of the limitations of the accounting staff, the design of the Organization's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency.

(2013-02) Segregation of Duties

Due to the small number of employees, the Council did not have adequate segregation of functions within the accounting system.

Management has implemented policies to eliminate this finding.

(2013-03) Late Payroll Tax Payments

Payments of federal and state payroll taxes were paid late during 2013.

The Council is current on Federal Tax payments and continues to work with the State of Louisiana.

(2013-04) Bank Account Reconciliation

Several checking accounts were not reconciled to the general ledger.

Management is currently working on correcting this deficiency.

(2013-05) Preparation of Payroll Tax Reports

Errors were made in preparing quarterly and annual payroll tax reports.

Management has corrected this reporting issue.

**Vernon Community Action Council, Inc.**

**Schedule of Compensation, Benefits and Other Payments to Executive Director**

**December 31, 2014**

**Agency Head Name: Renee Brannon, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	52,968
Benefits-health insurance	-
Benefits-retirement	-
Benefits-Life, ADD, LTD	-
Car allowance	-
Vehicle provided by government	-
Per diem	542
Reimbursements – Auto Mileage Reimb	-
Travel	-
Registration fees	-
Conference travel	851
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-