

**CENTER FOR PLANNING EXCELLENCE, INC.**  
Baton Rouge, Louisiana

**FINANCIAL REPORT**

December 31, 2018

**CENTER FOR PLANNING EXCELLENCE, INC.**  
Baton Rouge, Louisiana

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Baton Rouge, Louisiana

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Center for Planning Excellence, Inc.  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of **CENTER FOR PLANNING EXCELLENCE, INC. (CPEX)** (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses 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 responsibility 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.

### Auditors' 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 of 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 CPEX as of December 31, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 14 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited CPEX's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report June 26, 2019, on our consideration of CPEX's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering CPEX's internal control over financial reporting and compliance.



Certified Public Accountants

Baton Rouge, Louisiana  
June 26, 2019

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

December 31, 2018

(with comparative amounts for 2017)

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 819,880	\$ 435,165
Investments	188,815	290,989
Accounts receivable	374,754	425,804
Prepaid expenses	11,848	8,859
Total current assets	1,395,297	1,160,817
<b>PROPERTY AND EQUIPMENT, net</b>	10,633	10,605
Total assets	\$ 1,405,930	\$ 1,171,422

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 178,877	\$ 78,823
Deferred revenue	339,690	283,283
Total liabilities	518,567	362,106
<b>NET ASSETS</b>		
Without donor restriction	870,393	678,079
With donor restriction	16,970	131,237
Total net assets	887,363	809,316
Total liabilities and net assets	\$ 1,405,930	\$ 1,171,422

The accompanying notes to financial statements  
are an integral part of this statement.

## CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2018  
(with comparative amounts for 2017)

	2018			2017		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<b>REVENUES</b>						
Consulting	\$ 1,367,774	\$ -	\$ 1,367,774	\$ 1,046,780	\$ -	\$ 1,046,780
Membership	148,761	-	148,761	281,938	-	281,938
Grants	318,592	-	318,592	130,627	70,000	200,627
Event	312,054	-	312,054	121,006	-	121,006
In-kind	15,716	-	15,716	16,400	-	16,400
Investments and other	11,497	-	11,497	38,315	-	38,315
Total revenues	2,174,394	-	2,174,394	1,635,066	70,000	1,705,066
Net assets released from restrictions	114,267	(114,267)	-	266,400	(266,400)	-
Total revenues and net assets released from restriction	2,288,661	(114,267)	2,174,394	1,901,466	(196,400)	1,705,066
<b>EXPENSES</b>						
Program services:						
Planning	1,427,732	-	1,427,732	929,983	-	929,983
Policy	173,475	-	173,475	207,896	-	207,896
Communications	275,100	-	275,100	123,968	-	123,968
Total program services	1,876,307	-	1,876,307	1,261,847	-	1,261,847
Administration	218,150	-	218,150	353,078	-	353,078
Fundraising	1,890	-	1,890	104,119	-	104,119
Total expenses	2,096,347	-	2,096,347	1,719,044	-	1,719,044
Change in net assets	192,314	(114,267)	78,047	182,422	(196,400)	(13,978)
<b>NET ASSETS</b>						
Beginning of year	678,079	131,237	809,316	495,657	327,637	823,294
End of year	\$ 870,393	\$ 16,970	\$ 887,363	\$ 678,079	\$ 131,237	\$ 809,316

The accompanying notes to financial statements  
are an integral part of this statement.

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2018

(with comparative amounts for 2017)

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 78,047	\$ (13,978)
Adjustments for non-cash items:		
Depreciation	3,884	5,096
Net unrealized loss (gain) on investments	13,257	(33,232)
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	48,061	(292,381)
Accounts payable and accrued expenses	100,054	56,402
Deferred revenue	56,407	197,874
Net cash provided (used) by operating activities	299,710	(80,219)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(11,083)	(5,084)
Sale of investments	100,000	110,000
Purchase of property and equipment	(3,912)	(1,295)
Net cash provided by investing activities	85,005	103,621
Increase in cash	384,715	23,402
<b>CASH</b>		
Beginning of year	435,165	411,763
End of year	\$ 819,880	\$ 435,165

The accompanying notes to financial statements  
are an integral part of this statement.

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2018  
(with summarized comparative totals for 2017)

	Program						Totals	
	Planning	Policy	Communi- cations	Total	Administration	Fundraising	2018	2017
Salaries, payroll taxes, and benefits	\$ 855,971	\$ 145,870	\$ 106,388	\$ 1,108,229	\$ 93,392	\$ 1,890	\$ 1,203,511	\$ 1,332,780
Professional services	402,370	15,419	83,540	501,329	86,533	-	587,862	127,311
Travel and meetings	101,277	2,134	66,846	170,257	3,002	-	173,259	139,189
Occupancy	29,536	5,033	3,671	38,240	3,223	-	41,463	40,405
Printing, postage and shipping	7,858	622	11,254	19,734	11,207	-	30,941	14,833
Equipment rental and maintenance	11,754	976	1,714	14,444	6,746	-	21,190	17,544
Communications	2,676	1,141	115	3,932	11,241	-	15,173	18,283
Insurance	7,022	899	769	8,690	758	-	9,448	12,183
Office supplies	3,641	366	406	4,413	1,696	-	6,109	7,809
Depreciation	2,769	471	343	3,583	301	-	3,884	5,096
Dues and subscriptions	2,858	544	54	3,456	51	-	3,507	3,611
	<u>\$ 1,427,732</u>	<u>\$ 173,475</u>	<u>\$ 275,100</u>	<u>\$ 1,876,307</u>	<u>\$ 218,150</u>	<u>\$ 1,890</u>	<u>\$ 2,096,347</u>	<u>\$ 1,719,044</u>

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

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and operations**

Center for Planning Excellence, Inc. (CPEX), a Louisiana corporation, is a not-for-profit organization established to cultivate progressive and sustainable design and planning practices that build upon the most distinctive and regionally unique traditions in Louisiana. CPEX is a resource that supports Louisiana communities with models, tools, and expertise for inclusive participatory planning and decision-making processes to help them define and realize their visions.

**Basis of presentation**

The financial statements of CPEX have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

CPEX is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

**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 of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, deferred revenue, and depreciation.

**New accounting pronouncement**

During the year ended December 31, 2018, CPEX adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **New accounting pronouncement (Continued)**

Additionally, CPEX is now required to present a Statement of Functional Expenses as part of its basic financial statements which has been included as Exhibit D. Other requirements include the netting of investment fees with investment earnings in the Statement of Activities and the requirement to present information regarding the CPEX's liquidity (see Note 7).

### **Fair value financial instruments**

The carrying value of cash, receivables, prepaids, accounts payable, accrued expenses, and deferred revenue approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

### **Cash and cash equivalents**

For purposes of the statements of cash flows, CPEX considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2018, CPEX did not have cash equivalents.

### **Investment valuation and income recognition**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Fair Value Measurements* (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that CPEX has the ability to access. CPEX does not have any Level 1 assets at December 31, 2018.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement. CPEX does not have any Level 3 assets at December 31, 2018.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Investment valuation and income recognition (Continued)**

CPEX's investments are stated at fair value. Shares of registered investment companies and units of the collective investment trust are valued at the quoted net asset value of such investments held by CPEX at year end using level 2 inputs.

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related expenses.

### **Accounts receivable and revenue recognition**

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. Management believes that all receivables are collectible at December 31, 2018; therefore, an allowance for doubtful accounts was not recognized. At December 31, 2018, CPEX has \$200,285 in receivables outstanding for longer than 90 days. CPEX does not require collateral to secure receivables.

### **Property and equipment**

Property is recorded at cost, or if donated, at the fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset that ranges from three to ten years. Additions, renewals, and improvements that extend the life of assets are capitalized; maintenance and repairs are expensed as incurred.

### **Grant revenue recognition**

Grants that represent exchange transactions are recorded as revenue when expenses are incurred.

### **Deferred revenue**

CPEX has service agreements that apply to programs whose duration extends over several years that are considered exchange transactions for accounting purposes. CPEX typically receives a payment at the execution of the agreement which precedes performing the contractual services. Revenue is recognized on these contracts as services are performed and expenses are incurred, and in accordance with the terms of the agreement. At December 31, 2018, deferred revenue on service contracts was \$339,690.

### **Contributions and expenses**

Contributions received are measured at their fair value and are reported as an increase in net assets. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Employee benefit plans**

CPEX sponsors a simple individual retirement account plan for eligible employees electing to establish an account. CPEX provides matching contributions of a maximum of 3% of eligible compensation. Employees are eligible after one year of service. Participants are fully vested in contributions to their individual retirement account. Contributions to the retirement plan were approximately \$26,700 for 2018.

### **Vacation leave**

Vacation leave is earned at varying rates for two to four weeks depending on length of service. Vacation expires on the anniversary of the employee's hire date. Amounts related to such vacation leave have been accrued accordingly and included in accrued expenses.

### **Income taxes**

CPEX is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. CPEX follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of CPEX believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for uncertain tax positions. CPEX's open audit periods are 2015 through 2018.

### **Functional expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among programs and supporting services on the following basis: (1) personnel expenses are allocated based on an estimate of employee time spent on each function, and (2) other costs that cannot be directly attributed to a particular function are allocated based on employee time. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CPEX.

### **Reclassifications**

Certain reclassifications have been made in the 2017 financial statements to conform to the classifications used in the 2018 financial statements. The reclassifications have no effect on the net assets previously reported.

### **Subsequent events**

In preparing these financial statements, CPEX has evaluated events and transactions for potential recognition or disclosure through June 26, 2019, which was the date the financial statements were available to be issued.

**NOTE 2 - INVESTMENTS**

Investments at December 31, 2018 are summarized as follows:

	Cost	Market
Baton Rouge Area Foundation - pooled account	\$ 187,705	\$ 188,815
Investment earnings for 2018 area as follows:		Amount
Unrealized losses		(13,257)
Realized gains		7,881
Interest income		5,098
Fees		8,104
Total		\$ 7,826

**NOTE 3 – PROPERTY AND EQUIPMENT, net**

Property at December 31, 2018, consists of the following:

	Service Lives	Amount
Computer and video equipment	3-5 years	\$ 96,761
Furniture and fixtures	5-10 years	7,535
		104,296
Less: accumulated depreciation		(93,663)
Property, net		\$ 10,633

Depreciation expense was \$3,884 for 2018.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction are restricted for the following programs:

Funding Sources	2017	Increases	Decrease	2018
Wilson Foundation 2018	\$ 35,745	\$ -	\$ (18,775)	\$ 16,970
Center for Disaster Philanthropy	28,383	-	(28,383)	-
GNOF Flood Recovery	42,572	-	(42,572)	-
McKnight Flood Recovery	24,393	-	(24,393)	-
Ford 2016	144	-	(144)	-
	\$ 131,237	\$ -	\$ (114,267)	\$ 16,970

The contributions received above are designated to fund a specific purpose. When the related purpose restriction is satisfied, the donor restricted net assets are released to net

assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which subject CPEX to concentrations of credit risk consist primarily of cash and receivables. At various times during 2018, cash on deposit at banks exceeded the \$250,000 insured amount by the Federal Deposit Insurance Corporation Institution. Management believes the risk is limited.

**NOTE 6 - LEASE OBLIGATION**

CPEX leased an office facility under an operating lease with a two-year term, which expires June 30, 2019. The lease renewed for 18 months, expiring in December 2020. During 2018, rent expense was \$41,463. The future lease commitment is \$40,641 for 2019 and 2020.

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

CPEX's working capital and cash flows have annual variations during the year attributable to the annual grants, membership revenue, consulting work, and event revenues.

CPEX's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Financial assets:	<u>Amount</u>
Cash	\$ 819,880
Accounts receivable, net	374,754
Unrestricted investments	<u>188,815</u>
Financial assets available within one year, at year-end	<u>\$ 1,383,449</u>

## **SUPPLEMENTARY INFORMATION**

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

December 31, 2018

**Agency Head: Camille Manning-Broome**

*No compensation paid from public funds.*

**Other Independent Auditors' Report**

**CENTER FOR PLANNING EXCELLENCE, INC.**  
Baton Rouge, Louisiana

December 31, 2018

**INDEPENDENT AUDITORS' 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***

Board of Directors  
Center for Planning Excellence, Inc.  
Baton Rouge, 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 **CENTER FOR PLANNING EXCELLENCE, INC. (CPEX)** (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CPEX's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPEX's internal control. Accordingly, we do not express an opinion on the effectiveness of CPEX'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 CPEX's financial statements will not be prevented, or detected and corrected, in 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 the 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 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 CPEX's financial statements are free of 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 CPEX's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CPEX's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
June 26, 2019

**CENTER FOR PLANNING EXCELLENCE, INC.**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended December 31, 2018

There were no current year findings.

**CENTER FOR PLANNING EXCELLENCE, INC.**  
Baton Rouge, Louisiana

**SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES**

For the year ended December 31, 2017

There were no prior year findings.

**Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

December 31, 2018



## INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Center for Planning Excellence, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Center for Planning Excellence, Inc. (CPEX) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. CPEX's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c. **Disbursements**, including processing, reviewing, and approving.
  - d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e. *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h. *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j. *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b. Observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - c. Observe whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The above procedures, items 2a.-c., were not performed in the current year due to no exceptions noted in the prior year report dated June 25, 2018.*

### *Bank Reconciliations*

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

### *Collections*

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a. Employees that are responsible for cash collections do not share cash drawers/registers.
  - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a. Observe that receipts are sequentially pre-numbered.
  - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c. Trace the deposit slip total to the actual deposit per the bank statement.
  - d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e. Trace the actual deposit per the bank statement to the general ledger.

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b. At least two employees are involved in processing and approving payments to vendors.
  - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
    - a. Observe that the disbursement matched the related original invoice/billing statement.
    - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b. Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*The above procedures, items 14a.-d., were not performed in the current year due to no exceptions noted in the prior year report dated June 25, 2018.*

Contracts

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### *Payroll and Personnel*

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b. Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*The above procedures, items 20a-b, were not performed in the current year due as they are excluded by non-profit organizations.*

#### ***Debt Service (excluding nonprofits)***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*The above procedures, items 21-22, were not performed in the current year due as they are excluded by non-profit organizations.*

#### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**CENTER FOR PLANNING EXCELLENCE, INC.**

Baton Rouge, Louisiana

**SCHEDULE OF EXCEPTIONS**

For the year ended December 31, 2018

***Exceptions:***

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No exceptions were found as a result of applying the procedures listed above, except as follows:

***Written Policies and Procedures:***

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- 1 (a) – CPEX’s policies and procedures do not explicitly address amending the budget.
- 1 (b) – CPEX’s policies and procedures do not explicitly address how purchases are initiated, how vendors are added to the vendor list, or the preparation and approval process of the purchase order.
- 1 (g) – CPEX’s policies and procedures do not explicitly address how credit cards are controlled.

***Bank reconciliations:***

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- 3(a) – Online merchant accounts are updated monthly to reflect the current balance and reconciliations are not generated for these two accounts.
- 3 (b) – There is no form of evidence of management or board members reviewing the activity of the two bank accounts noted above.

***Collections:***

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- 7 (d) - Three of the seven deposits tested had lag times greater than one day between the collection date and the deposit date.

***Non-Payroll Disbursements:***

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- 9 (a) - At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- 9 (c) - All individuals with access to the accounting system can add a one-time vendor, including persons responsible for processing payments.

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

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12 – None of the selected credit card statements contain evidence that they were reviewed and approved in writing by someone other than the authorized cardholder.

13 (a) – One out of the thirty-four reviewed transactions lack an original itemized receipt.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Certified Public Accountants

Baton Rouge, Louisiana  
June 26, 2019

*Management's Responses to Exceptions Noted in Statewide Agreed-upon Procedures Report:*

*Written Policies and Procedures:*

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- 1 (a) – The board receives financials for review during each board meeting, occurring every other month. There, the board discusses current projects, revenue expectations, and budget to actual analysis. CPEX's policies and procedures do not address amending the budget, as budget amendments do not apply to the functionality of the organization.
- 1 (b) – CPEX does not utilize a formal purchase order system. In instances where employees are to make a purchase on behalf of CPEX, they are to utilize the company credit card. Credit card purchases are then reviewed up the Project and Operations Manager before the check is prepared for the monthly credit card payment.
- 1 (g) – CPEX is currently in the process of rewriting their employee handbook. This will be used as an opportunity to get credit card expectations and appropriate uses in writing.

*Bank reconciliations:*

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- 3 (a) - Management does not perform reconciliations on two of their bank accounts due to the having limited activity in nature. Management feels no reconciliation is deemed necessary for these accounts.
- 3 (b) – Management and board members do not review the two accounts noted above in writing as these accounts are used for online deposits. These funds are transferred to the operating account for use and analyzed when the budget is created and approved.

*Collections:*

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- 7 (c) - Management has a practice that deposits need to be made weekly, as outlined within their policies and procedures manual. CPEX is satisfied with their current practices and plans to continue with its current policies. However, management will explore electronic deposit options to expedite the process.

*Non-Payroll Disbursements:*

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- 9 (a) - Management concurs that two individuals need to be utilized when initiating and approving a purchase. As employees use their credit cards to make purchases on behalf of the organization, additional approval processes will be implemented as purchases are reviewed after the purchase is made.

9 (c) - The accountant is able add vendors within the accounting software, but monthly review of expense classification is conducted with the Project and Operations Manager. The Project and Operations Managers can review vendor and valuation data for appropriateness. Furthermore, CPEX will produce an annual report of vendor activity to review for reasonableness.

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

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12 – CPEX plans to implement a process for periodic independent review of credit card purchases for reasonableness.

13 (a) – CPEX concludes this is an isolated matter and does not plan any significant corrective action.