

FAMILY SERVICE OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompany financial statements of Family Service of Greater Baton Rouge (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Family Service of Greater Baton Rouge as of December 31, 2019 and 2018, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of Family Service of Greater Baton Rouge'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 the effectiveness of Family Service of Greater Baton Rouge's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Service of Greater Baton Rouge's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana

June 30, 2020

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION
(See Accompanying Notes to Financial Statements)

ASSETS	December 31,	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 121,169	\$ 5,085
Grants receivable	177,527	171,616
Other receivables	12,945	4,597
Employee Receivable	36	36
TOTAL CURRENT ASSETS	311,677	181,334
PROPERTY AND EQUIPMENT		
Building and Improvements	1,122,253	1,122,253
Equipment	257,867	257,867
TOTAL PROPERTY AND EQUIPMENT	1,380,120	1,380,120
Less Accumulated Depreciation	(986,973)	(952,961)
Land	393,147	427,159
Land	126,527	126,527
NET PROPERTY AND EQUIPMENT	519,674	553,686
TOTAL ASSETS	\$ 831,351	\$ 735,020

LIABILITIES AND NET ASSETS (DEFICIT)

	December 31,	
	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable	\$ 88,119	\$ 88,381
Outstanding checks in excess of bank balance	-	5,127
Other accrued liabilities	144,878	149,043
Deferred revenue	-	-
Current portion of accrued pension liability	<u>64,000</u>	<u>46,000</u>
TOTAL CURRENT LIABILITIES	296,997	288,551
NON-CURRENT LIABILITIES		
Accrued pension liability	<u>918,045</u>	<u>840,894</u>
TOTAL LIABILITIES	1,215,042	1,129,445
NET ASSETS (DEFICIT)		
Unrestricted		
Undesignated	(404,392)	(415,126)
Board Designated	<u>20,701</u>	<u>20,701</u>
TOTAL NET ASSETS (DEFICIT)	<u>(383,691)</u>	<u>(394,425)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 831,351</u>	<u>\$ 735,020</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2019 and 2018

	2019	2018
REVENUES AND SUPPORT		
Government grants and contracts	\$ 1,332,549	\$ 1,196,992
Program services	184,996	187,735
Donations and private grants	176,623	154,500
United Way designation	122,155	129,180
Rent Income	3,500	-
Miscellaneous	3,326	2,396
Interest Income	253	-
 TOTAL REVENUES AND SUPPORT	 1,823,402	 1,670,803
EXPENDITURES		
Program services	1,420,452	1,343,956
Fundraising	17,970	20,670
Supporting services	279,095	349,970
 TOTAL EXPENDITURES	 1,717,517	 1,714,596
 Pension Related Changes other than net periodic pension costs	 95,151	 157,698
 INCREASE (DECREASE) IN NET ASSETS	 10,734	 (201,491)
NET ASSETS, BEGINNING OF YEAR	(394,425)	(192,934)
NET ASSETS, END OF YEAR	\$ (383,691)	\$ (394,425)

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2019

	Program Services			Total Program Services	Fundraising	Supporting Services	Total
	Counseling Program	Parenting Center	HIV Center				
SALARIES AND RELATED EXPENSES							
Salaries	\$ 73,983	\$ 229,124	\$ 641,576	\$ 944,683	\$ -	\$ 168,008	\$ 1,112,691
Payroll taxes	5,278	16,134	47,541	68,953	-	10,352	79,305
Employee fringe benefits	3,668	9,488	13,687	26,843	-	1,255	28,098
	<u>82,929</u>	<u>254,746</u>	<u>702,804</u>	<u>1,040,479</u>	<u>-</u>	<u>179,615</u>	<u>1,220,094</u>
GENERAL EXPENSES							
Advertising	-	-	-	-	423	-	423
Bank service charges	1,103	1,805	(40)	2,868	-	759	3,627
Conducting meetings	12,036	755	4,877	17,668	-	1,847	19,515
Depreciation	-	-	-	-	-	34,012	34,012
Insurance	11,725	15,360	28,716	55,801	-	(10,531)	45,270
Interest and penalties	-	802	-	802	-	14,481	15,283
Janitorial and maintenance	-	-	-	-	-	9,800	9,800
Lease	-	-	721	721	-	165	886
Membership dues	-	-	-	-	-	1,176	1,176
Miscellaneous	-	-	-	-	-	4	4
Postage and shipping	-	61	338	399	564	151	1,114
Printing and publications	-	-	551	551	426	-	977
Professional services	109,712	3,182	12,741	125,635	-	33,282	158,917
Program Expenses	-	-	-	-	13,971	-	13,971
Repairs and maintenance	4,248	1,391	8,746	14,385	-	8,692	23,077
Specific assistance	6,387	-	43,909	50,296	-	70	50,366
Supplies	1,556	1,215	26,197	28,968	2,293	3,218	34,479
Telephone	4,606	5,799	9,553	19,958	-	-	19,958
Travel	174	22,307	23,628	46,109	293	89	46,491
Utilities	3,384	4,445	7,983	15,812	-	2,265	18,077
	<u>154,931</u>	<u>57,122</u>	<u>167,920</u>	<u>379,973</u>	<u>17,970</u>	<u>99,480</u>	<u>497,423</u>
	<u>\$ 237,860</u>	<u>\$ 311,868</u>	<u>\$ 870,724</u>	<u>\$ 1,420,452</u>	<u>\$ 17,970</u>	<u>\$ 279,095</u>	<u>\$ 1,717,517</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2018

	Program Services				Fundraising	Supporting Services	Total
	Counseling Program	Parenting Center	HIV Center	Total Program Services			
SALARIES AND RELATED EXPENSES							
Salaries	\$ 102,803	\$ 211,806	\$ 562,911	\$ 877,520	\$ -	\$ 167,956	\$ 1,045,476
Payroll taxes	7,183	14,290	40,836	62,309	-	87,999	150,308
Employee fringe benefits	7,221	11,402	16,548	35,171	-	7,138	42,309
	<u>117,207</u>	<u>237,498</u>	<u>620,295</u>	<u>975,000</u>	<u>-</u>	<u>263,093</u>	<u>1,238,093</u>
GENERAL EXPENSES							
Advertising	-	-	250	250	-	-	250
Bank service charges	75	1,450	75	1,600	-	1,260	2,860
Conducting meetings	-	650	2,019	2,669	-	2,688	5,357
Depreciation	-	-	-	-	-	34,856	34,856
Insurance	10,644	14,163	24,015	48,822	-	(2,210)	46,612
Interest and penalties	-	-	-	-	-	18,642	18,642
Janitorial and maintenance	-	-	-	-	-	5,553	5,553
Lease	-	-	-	-	-	1,919	1,919
Membership dues	-	225	150	375	-	1,720	2,095
Miscellaneous	-	(1)	-	(1)	-	(17,729)	(17,730)
Postage and shipping	-	-	-	-	1,344	100	1,444
Printing and publications	41	-	263	304	562	284	1,150
Professional services	124,804	15,646	17,418	157,868	-	20,561	178,429
Program expenses	-	-	-	-	18,404	(2,500)	15,904
Repairs and maintenance	3,721	1,000	2,082	6,803	-	17,028	23,831
Specific assistance	3,788	6,091	46,015	55,894	-	70	55,964
Supplies	1,403	875	26,022	28,300	164	2,394	30,858
Telephone	3,595	4,736	7,985	16,316	-	51	16,367
Travel	-	19,680	16,857	36,537	196	346	37,079
Utilities	2,712	4,078	6,429	13,219	-	1,844	15,063
	<u>150,783</u>	<u>68,593</u>	<u>149,580</u>	<u>368,956</u>	<u>20,670</u>	<u>86,877</u>	<u>476,503</u>
	<u>\$ 267,990</u>	<u>\$ 306,091</u>	<u>\$ 769,875</u>	<u>\$ 1,343,956</u>	<u>\$ 20,670</u>	<u>\$ 349,970</u>	<u>\$ 1,714,596</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 10,734	\$ (201,491)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	34,012	34,856
Change in Pension Liability	95,151	157,698
Changes in operating assets and liabilities:		
Grant receivables	(5,911)	47,740
Other receivables	(8,348)	-
Prepaid Expenses	-	100
Employee receivables	-	(36)
Accounts payable	(262)	6,449
Cash overdraft	(5,127)	(14,947)
Other accrued liabilities	(4,165)	863
Deferred revenue	-	(61,480)
	116,084	(30,248)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	116,084	(30,248)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	116,084	(30,248)
CASH AND CASH EQUIVALENTS - Beginning of year	5,085	35,333
CASH AND CASH EQUIVALENTS - End of year	\$ 121,169	\$ 5,085

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The mission of Family Service of Greater Baton Rouge (the “Agency”) is to counsel and strengthen individuals and families, improving their quality of life. The Agency, which was incorporated in 1955, has been a United Way agency since 1959, and an affiliate member of Alliance for Children and Families, an international not-for-profit organization since 1962. The Agency has various funding sources which include United Way, state and local grants, program service fees and contributions. The Agency offers a wide range of services:

1. The Child & Family Counseling Center – provides clinical services to children, individuals, and families who need help in finding solutions to a wide range of emotional, behavioral, and relationship problems.
2. The Parenting Center – promotes healthy family development by providing ongoing workshops, consultations, and classes to help parents increase their knowledge, skills, and decision making in the important role of effective parenting.
3. The HIV Center – helps clients access services, resources, and programs that enhance health and wellbeing. Services include HIV testing, HIV Peer Prevention, case management, support groups, counseling, health/treatment education, transportation, childcare, and financial assistance toward rent, mortgage payments, utilities, medication, and eye and dental care.

Basis of Accounting – The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation – The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the Agency, its environment in which it operates, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. When a donor’s restrictions is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Agency has net assets with donor restrictions of \$20,701 for the years ended December 31, 2019 and 2018.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. There were no conditional promises to give at year ending December 31, 2019 and 2018.

Revenue With and Without Donor Restrictions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 differ from those estimates. Management's estimates include, but are not limited to, collectability of receivables and the accrued pension liability. Management's estimates are derived from and are continually evaluated based upon available information, judgment, and experience. Because of inherent uncertainties in estimating collectability of loans receivable and future pension obligations, it is at least reasonably possible that estimates used will change within the near term.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables – Receivables consist of amounts due from granting agencies for services performed and short-term receivables arising from providing counseling services. The accounts receivable that represent consideration from state and local governmental agencies, of which the organization has an unconditional right to receive are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment – Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

Building and improvements	11-39 years
Equipment	3-10 years

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Accrued Pension Liability – The Agency accounts for its defined benefit pension plan in accordance with FASB-ASC715, *Compensation-Retirement Benefits*, which requires employers to recognize the funded status of a benefit plan in the statements of financial position and recognize changes in the funded status through the statements of activities and changes in net assets.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on records and estimates made by the Agency's management.

Contributed Services – Donations of services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. The services are measured at fair value and reported as increases in unrestricted net assets during the period provided. No contributed services were recorded in the statements of activities and changes in net assets for the years ended December 31, 2019 and 2018.

Income Taxes – The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Agency was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date, and the current and prior three years remain subject to examination as of December 31, 2019.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2: GOING CONCERN

Family Service of Greater Baton Rouge has experienced substantial losses over the past several years resulting from decreased grant revenue, reductions in contracts, bad debt expense related to the Ways to Work program, and increased liability with the Defined Benefit Pension Plan. For the year ended December 31, 2019, the Agency recognized a net operating income, before the adjustment for the defined benefit pension plan liability, of \$105,885 as compared to net operating loss of \$43,793 for the year ended December 31, 2018.

Management of the Agency developed and is continuing to monitor its plan to reduce expenses through cost cutting measures, increase grant writing, and implementation of new fundraising efforts as well as negotiate new terms with vendors. The ability of the Agency to continue as a going concern is dependent on the changes to its defined benefit plan, obtaining new revenue sources, and success of the plan in general. The financial statements do not include any adjustments that might be necessary if the Agency is unable to continue as a going concern.

NOTE 3: RECEIVABLES

Receivables are composed of the following:

	<u>2019</u>	<u>2018</u>
Grants		
Ryan White Part A	\$ 75,393	\$ 118,741
Women and Children Grant, Ryan White Part D	16,409	15,965
Tulane MHC/QRS Program	75,678	29,165
Recast	3,487	-
OPH Contract	<u>6,560</u>	<u>7,745</u>
	<u>\$ 177,527</u>	<u>\$ 171,616</u>
Other		
Counseling	\$ 12,945	\$ 4,597

NOTE 4: PENSION PLAN (DEFINED BENEFIT)

The Agency has a defined benefit pension plan which covers substantially all of its employees who meet eligibility requirements. Benefits under the plan are generally based on the employee's compensation during the highest five consecutive calendar years' salary during the last ten completed calendar years of service before retirement. The pension plan is funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

The Agency follows FASB ASC 715-60, *Defined Benefit Plans – Other Post-retirement*, which requires that the funded status of defined benefit pension plans be fully recognized in the Statements of Financial Position as an asset (overfunded plans) or as a liability (for underfunded plans).

Effective December 31, 2008, the defined benefit plan was frozen, with no new participants added.

Pension expense for the defined benefit plan for each of the years ended December 31, 2019 and 2018 was \$95,151 and \$157,698.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4: PENSION PLAN (DEFINED BENEFIT) (CONTINUED)

The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the Statements of Financial Position for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Changes in Benefit Obligations		
Benefit obligations at beginning of year	\$1,085,076	\$1,023,576
Service cost	14,985	43,269
Interest cost	43,763	29,778
Change due to assumption changes	-	-
Actuarial (gain) loss	64,534	58,832
Benefits paid	(26,551)	(27,110)
Expense charges	<u>(14,985)</u>	<u>(43,269)</u>
Benefit obligations at end of year	<u>\$1,166,822</u>	<u>\$1,085,076</u>
	<u>2019</u>	<u>2018</u>
Changes in Plan Assets		
Fair value of plan assets at beginning of year	\$ 198,182	\$ 294,380
Actual return on plan assets	28,131	(25,819)
Benefits and expenses paid	<u>(41,536)</u>	<u>(70,379)</u>
Fair value of plan assets at end of year	<u>\$ 184,777</u>	<u>\$ 198,182</u>
Accrued pension liability	\$ 982,045	\$ 886,894
Current portion	<u>(64,000)</u>	<u>(46,000)</u>
Accrued pension liability, non-current portion	<u>\$ 918,045</u>	<u>\$ 840,894</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4: PENSION PLAN (DEFINED BENEFIT) (CONTINUED)

The weighted average assumptions used to determine benefit obligations and net benefit costs for the years ended December 31, were as follows:

	<u>2019</u>	<u>2018</u>
Discount rate	3.02%	4.09%
Post-retirement interest rate	5.50%	5.50%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	0.00%	0.00%
Social Security wage base increase	0.00%	0.00%

The Expected Long-Term Rate of Return on Plan Assets assumption of 7.0% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27-Selection of Economic Assumptions for Measuring Pension Obligations. Based on the investment policy for the pension plan as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expenses) and for inflation based on historical return or the applicable asset classes. An average inflation rate within the range equal to 3.00% was selected and added to the real rate of return range to arrive a best estimate range of 6.18% to 8.12%. A rate within the best estimate range of 7.0% was selected.

The components of net periodic benefit costs for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 14,985	\$ 43,269
Interest cost	43,763	29,778
Expected return on plan assets	(10,565)	(4,556)
Amount of recognized actuarial gains	<u>18,465</u>	<u>16,237</u>
Net periodic benefit costs	<u>\$ 66,648</u>	<u>\$ 84,728</u>

Expected Future Benefit Payments

The following benefit payments which reflect expected future service, as appropriate are expected to be paid:

2020	\$ 64,000
2021	64,000
2022	63,000
2023	78,000
2024	70,000
Thereafter	314,000

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4: PENSION PLAN (DEFINED BENEFIT) (CONTINUED)

Plan Assets by Category

	<u>2019</u>		<u>2018</u>	
Equity	\$ 0	0%	\$ 0	0%
Mutual funds	184,777	100%	198,182	100%
General account	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0%</u>
	<u>\$ 184,777</u>		<u>\$ 198,182</u>	

All investment are categorized Level 1 which are based on quoted prices (unadjusted) in active markets which are accessible at the measurement date.

The Agency's investment strategy is a long-term investment mix of equity mutual fund investments and cash equivalents. Investment mix is managed to maximize returns on plan assets.

For all plan assets, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 5: PENSION PLAN (DEFINED CONTRIBUTION)

The Agency has a defined contribution plan subject to Section 403(b) of the Internal Revenue Code. The plan covers substantially all of its employees who meet eligibility requirements. Contributions to the plan are based on 25% of the first 6% of the amount of the salary reduction of each employee. There were no participants in this plan during the year.

NOTE 6: ECONOMIC DEPENDENCY

The Agency received approximately 73% and 71% of funds from Federal grants passed through programs administered by the State of Louisiana for the years ended December 31, 2019 and 2018, respectively. The program amounts are appropriated each year by the Federal and State governments. If significant budget cuts are enacted at the Federal and/or State level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations.

NOTE 7: RENTAL INCOME

The Agency leases office space to an unrelated entity to provide in house pharmacy services to patients. Monthly lease payments are \$500 and the lease expires in March 2021. Rental income for the year ended December 31, 2019 was \$3,500.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8: CONTINGENCIES (GRANT PROGRAM)

The Agency participates in Federal and State grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustments by the grantor agency; therefore, to the extent the Agency has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Family Service of Greater Baton Rouge.

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return. The Agency has implemented ASU 2016-14 and has presented the financial statements accordingly.

NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>12/31/2019</u>
Current Assets, excluding nonfinancial assets	\$ 311,641
Less those unavailable for general expenditures	
Within a year:	
Board Designated reserves	<u>(20,701)</u>
Financial Assets available to meet cash needs for	
General expenditures within one year	<u>\$ 290,940</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 11: SUBSEQUENT EVENTS

Family Service of Greater Baton Rouge has evaluated all subsequent events through June 30, 2020, the date the financial statements were available to be issued. As a result, the Agency noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

The Agency's operations may be affected by the recent and outgoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Agency's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Agency's revenues workforce.

Subsequent to year end, the Agency was granted a loan (the "Loan") in the aggregate amount of \$248,000, pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act which was enacted March 27, 2020. The Loan, which was in the form of a note dated April 27, 2020 issued by the Borrower, matures on December 31, 2020 and bears interest at a rate of 0.98% per annum, payable monthly. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before 24 weeks after the initial funding date. The Company intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

SUPPLEMENTARY INFORMATION

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2019

Agency Head Name: Rene Taylor, Executive Director

Salary	\$ 92,905
Benefits – insurance	3,333
Benefits – retirement	1,800



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*

To the Board of Directors of
Family Service of Greater Baton Rouge
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 Family Service of Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Service of Greater Baton Rouge'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 Family Service of Greater Baton Rouge's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Service of Greater Baton Rouge'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 Family Service of Greater Baton Rouge'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 suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 30, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Family Service of Greater Baton Rouge's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Service of Greater Baton Rouge's major federal programs for the year ended December 31, 2019. Family Service of Greater Baton Rouge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Family Service of Greater Baton Rouge's compliance.

Opinion on Each Major Federal Program

In our opinion, Family Service of Greater Baton Rouge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Family Service of Greater Baton Rouge is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Service of Greater Baton Rouge's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances

for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Service of Greater Baton Rouge's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 30, 2020

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Pass-through programs from:		
Louisiana Department of Health and Hospitals		
HIV Care Formula Grants	93.917	\$ 47,890
Ryan White Part A HIV Emergency Relief Grant Program	93.914	764,154
Our Lady of the Lake Hospital, Inc.		
Coordinated Services and Access to Research for Women, Children and Youth (Ryan White Program Part D Women, Infants, Children and Youth WICY Program)	93.153	85,401
Tulane University: Tulane Education Fund		
Child Care and Development Block Grant	93.575	<u>381,070</u>
Total Department of Health and Human Services		<u>1,278,515</u>
Total Expenditures of Federal Awards		<u>\$ 1,278,515</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal expenditures of Family Service of Greater Baton Rouge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: SUBRECIPIENTS

Family Service of Greater Baton Rouge did not pass through any of its federal awards to a subrecipient during the fiscal year 2019.

NOTE 4: NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the fiscal year 2019.

FAMILY SERVICE OF GREATER BATON ROUGE
 Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Years Ended December 31, 2019 and 2018

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Management Letter

Was a management letter issued? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified Opinion

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

Identification of major federal programs:

CFDA Numbers
93.914

Federal Program or Cluster
Ryan White Part A HIV Emergency Relief

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

Auditee qualified as low-risk auditee? Yes No



FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019 and 2018

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Current Year (December 31, 2019): None Reported

Prior Year (December 31, 2018): None Reported

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Current Year (December 31, 2019):

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.

Prior Year (December 31, 2018):

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Family Service of Greater Baton Rouge and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Family Service of Greater Baton Rouge (Entity) 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, 2019 through December 31, 2019. The Entity'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 – Only tested part 1(k)

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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 of statements, 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee – Entire Section Not Tested Due to No Exceptions in Prior Year.

- 2. Obtain and inspect the board/finance 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 that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations – Entire Section Not Tested Due to No Exceptions in Prior Year.

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). 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 – Entire Section Not Tested Due to No Exceptions in Prior Year.

- 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 – Entire Section Not Tested Due to No Exceptions in Prior Year.

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

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.

No Exceptions Noted.

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.

No Exceptions Noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
No Exceptions Noted.

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).

No Exceptions Noted.

Travel and Travel-Related Expense Reimbursements – Entire Section Not Tested Due to No Exceptions in Prior Year.

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).
- 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.

Contracts – Entire Section Not Tested Due to No Exceptions in Prior Year.

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 – Entire Section Not Tested Due to No Exceptions in Prior Year.

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 – Entire Section Not Applicable to Non Profits.

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.

Debt Service – Entire Section Not Applicable to Non Profits.

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.

Other

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.

No Exceptions Noted.

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.

No Exceptions Noted.

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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 30, 2020