

Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana
June 30, 2018

Table of Contents

Independent Auditor's Report	Page	3
Financial Statements		
Statements of Financial Position	Page	5
Statements of Activities	Page	6
Statements of Functional Expenses	Page	7
Statements of Cash Flows	Page	8
Notes to Financial Statements	Page	9
Supplementary Information		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Page	14
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	Page	15
Schedule of Findings and Responses	Page	17
Summary Schedule of Prior Audit Findings	Page	19



**HAWTHORN
WAYMOUTH
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Certified Public Accountants

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Independent Auditor's Report

The Officers and Board of Directors
Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Keep Louisiana Beautiful, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 Keep Louisiana Beautiful, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated November 1, 2018, on our consideration of Keep Louisiana Beautiful, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Keep Louisiana Beautiful, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Keep Louisiana Beautiful, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

November 1, 2018

Keep Louisiana Beautiful, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	Assets	
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 197,940	\$ 188,198
Accounts receivable	215,136	221,229
	<hr/>	<hr/>
Total current assets	413,076	409,427
Property and Equipment, net	1,371	2,969
	<hr/>	<hr/>
Total assets	<u>\$ 414,447</u>	<u>\$ 412,396</u>
	<hr/> <hr/>	<hr/> <hr/>
	Liabilities and Net Assets	
Current Liabilities		
Accrued liabilities	\$ 5,039	\$ 5,166
Deferred revenue	405	17,115
	<hr/>	<hr/>
Total current liabilities	5,444	22,281
Unrestricted Net Assets	409,003	390,115
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 414,447</u>	<u>\$ 412,396</u>
	<hr/> <hr/>	<hr/> <hr/>

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

Keep Louisiana Beautiful, Inc.
Statements of Activities
Years Ended June 30, 2018 and 2017

	2018	2017
Revenue and Other Support		
Cooperative endeavor agreement	\$ 624,951	\$ 616,936
Annual state conference	38,865	27,247
Contributions	33,805	6,890
Interest	310	181
Miscellaneous	500	11,251
Total revenue and other support	698,431	662,505
Expenses		
Program	585,459	552,437
Management and general	54,682	50,060
Fundraising	39,402	47,031
Total expenses	679,543	649,528
Change in Net Assets	18,888	12,977
Unrestricted Net Assets, beginning of year	390,115	377,138
Unrestricted Net Assets, end of year	\$ 409,003	\$ 390,115

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

Keep Louisiana Beautiful, Inc.
Statements of Functional Expenses
Years Ended June 30, 2018 and 2017

	June 30, 2018				June 30, 2017			
	Program	Management and General	Fundraising	Total Expenses	Program	Management and General	Fundraising	Total Expenses
Grant programs	\$ 158,125	\$ -	\$ -	\$ 158,125	\$ 149,646	\$ -	\$ -	\$ 149,646
Public awareness and marketing	173,347	-	-	173,347	187,175	-	-	187,175
Programs and public events	48,559	-	26,562	75,121	34,431	-	35,649	70,080
Training, travel, outreach, and affiliate support	13,019	2,441	814	16,274	10,302	1,931	644	12,877
Salaries and wages	146,000	27,375	9,125	182,500	141,008	26,439	8,813	176,260
Employee benefits	13,487	2,529	843	16,859	1,227	230	76	1,533
Payroll taxes	11,170	2,094	698	13,962	10,788	2,023	674	13,485
Operating expenses	20,474	3,839	1,280	25,593	16,311	3,059	1,020	20,390
Professional services	-	16,164	-	16,164	-	15,913	-	15,913
Depreciation	1,278	240	80	1,598	1,549	465	155	2,169
Total expenses	\$ 585,459	\$ 54,682	\$ 39,402	\$ 679,543	\$ 552,437	\$ 50,060	\$ 47,031	\$ 649,528

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

Keep Louisiana Beautiful, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 18,888	\$ 12,977
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,598	2,169
(Increase) Decrease in assets:		
Accounts receivable	6,093	(111,440)
Increase (Decrease) in liabilities:		
Accrued liabilities	(127)	1,488
Deferred revenue	(16,710)	17,115
	<u>9,742</u>	<u>(77,691)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(1,240)
	<u>-</u>	<u>(1,240)</u>
Net Change in Cash and Cash Equivalents	<u>9,742</u>	<u>(78,931)</u>
Cash and Cash Equivalents, beginning of year	<u>188,198</u>	<u>267,129</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 197,940</u></u>	<u><u>\$ 188,198</u></u>

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

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2018

Note 1-Summary of Significant Accounting Policies

A. Nature of Activities

Keep Louisiana Beautiful, Inc. (the “Organization”) is a non-profit organization formed in 2000, whose mission is to promote personal, corporate, and community responsibility for a clean and beautiful Louisiana. Affiliated with Keep America Beautiful, the Organization creates and supports public/private partnerships to address the problems of litter. Areas of work include the following:

- Educate teachers, students, and other residents of Louisiana on the immediate and long-term effects of litter;
- Fund local environmental programs through KLB’s grant program;
- Provide training and professional development to increase knowledge and effective policies and programming as it relates to KLB’s mission;
- Support enforcement of state and local laws that prohibit littering by providing instructions for training law enforcement officials;
- Support Keep America Beautiful affiliates in Louisiana to strengthen communities, reduce litter, increase recycling, beautify spaces and provide meaningful volunteer opportunities;
- Develop and implement programming that supports KLB’s mission;
- Partner with state and local governmental agencies and other like-minded groups for a clean and green Louisiana;
- Communicate the anti-litter message through a comprehensive public campaign and heighten awareness as it pertains to KLB’s mission.

B. Basis of Accounting and Presentation

The accompanying financial statements have been presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to (a) later periods of time or other specific dates, or (b) for specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Organization’s use of the asset. At June 30, 2018 and 2017, the Organization had no temporarily or permanently restricted net assets.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

C. Use of 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 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. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes amounts on deposit with financial institutions and highly liquid investments with an original maturity of three months or less.

E. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. The allowance for doubtful accounts is established through provisions charged against expense and is maintained at a level believed adequate by management to absorb bad debts. Accounts are written off from the allowance as they are deemed uncollectible based on periodic review by management. At June 30, 2018 and 2017, management believes all accounts are fully collectible; therefore, no allowance for doubtful accounts was recorded.

F. Property and Equipment

Property and equipment are recorded at cost when purchased and fair value when donated with depreciation recorded using the straight-line method over the estimated useful lives of the assets as follows:

Computers	3 - 5 years
Art	15 years

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

G. Income Taxes

Keep Louisiana Beautiful, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were 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.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

H. Contributions

The Organization accounts for contributions in accordance with the requirements of FASB ASC 958, *Not-for-Profit Entities*. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the year received.

I. Functional Classification of Expenses

Expenses specifically identifiable to a particular program are charged directly to the program. Management and general expenses include expenses that are not directly identifiable with a specific program, but provide for the overall support and direction of the Organization.

J. Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation. These reclassifications had no effect on previously reported changes in net assets or unrestricted net assets.

Note 2-Property and Equipment

Property and equipment is summarized as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Computers	\$ 8,401	\$ 8,401
Art	<u>1,000</u>	<u>1,000</u>
Total cost	9,401	9,401
Accumulated depreciation	<u>(8,030)</u>	<u>(6,432)</u>
Property and equipment	<u>\$ 1,371</u>	<u>\$ 2,969</u>

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2018

Note 3-Concentrations

Approximately 90% of the Organization's support came in the form of a contract with the State of Louisiana, Department of Wildlife and Fisheries in the years ended June 30, 2018 and 2017. Loss of this funding could have a significant adverse impact on future operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

Note 4-Contingencies - Cooperative Endeavor Agreement

The Organization is under contract with the State of Louisiana by means of a Cooperative Endeavor Agreement, which is governed by various rules and regulations. If it is determined that the Organization has not complied with the rules and regulations governing the contract, the contract may be terminated immediately at the option of the State. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the contract; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 5-Subsequent Events

Management has evaluated all subsequent events through November 1, 2018, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

Keep Louisiana Beautiful, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head of Chief Executive Officer
Year Ended June 30, 2018

Agency Head Name: Susan Russell, Executive Director

Purpose	Amount
Salary	\$ 85,000
Benefits - insurance	6,000
Benefits - retirement	0
Car allowance	0
Vehicle provided by agency	0
Per diem	0
Reimbursements	4,042
Travel	0
Registration fees	500
Conference travel	1,916
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0



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**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Officers and Board of Directors
Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana

We have audited, 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, the financial statements of Keep Louisiana Beautiful, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Keep Louisiana Beautiful, Inc.'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 Keep Louisiana Beautiful, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Keep Louisiana Beautiful, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Keep Louisiana Beautiful, Inc.'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*.

Keep Louisiana Beautiful, Inc.'s Responses to Findings

Keep Louisiana Beautiful, Inc.'s response to the finding identified in our audit is described in the accompany schedule of findings and responses. Keep Louisiana Beautiful, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Hawthorn, Waymouth & Carroll, L.L.P.

November 1, 2018

Keep Louisiana Beautiful, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2018

Part I – Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Keep Louisiana Beautiful, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II – Financial Statement Findings

2018-001 - Segregation of Duties

Condition:

Due to the small size of the Organization, ideal segregation of duties cannot be achieved.

Criteria:

The Organization should separate responsibilities for authorizing transactions, recording transactions, and the custody of assets.

Cause:

The size of the Organization does not permit proper segregation of duties.

Effect:

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Auditor Recommendation:

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should continue to apply diligent oversight and monitoring activities.

Keep Louisiana Beautiful, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2018

Part II – Financial Statement Findings (Continued)

2018-001 - Segregation of Duties (Continued)

Management's Response:

In addition to requiring two signatures on every check, the original receipt must be present with the check when the second signature is requested. The Board Chair or the Board Treasurer must initial the invoice or receipts showing that they were reviewed. The Board Chair, Board Treasurer, and bookkeeper all have passwords for the Chase on-line bank accounts and the QuickBooks file. The current bookkeeper helps to address the segregation of duties. The bookkeeper assists with check writing, records entries in QuickBooks, prepares deposits and generates all financial reports. The bookkeeper is also accessible to the Board Chair, Board Treasurer and auditors.

Keep Louisiana Beautiful, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

Part I – Financial Statement Findings

2017-001 - Segregation of Duties

Summary of Prior Year Finding:

Due to the small size of the Organization, ideal segregation of duties cannot be achieved.

Status:

This repeats as current year finding 2018-001.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2017.