
LOUISIANA NATIONAL GUARD FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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LOUISIANA NATIONAL GUARD FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana National Guard Foundation

We have audited the accompanying financial statements of the Louisiana National Guard Foundation (the Organization) (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows from November 15, 2016 (inception) through June 30, 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Organization'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 Organization'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 the Louisiana National Guard Foundation as of June 30, 2017, and the changes in its net assets and its cash flows from November 15, 2016 (inception) through June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

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 also issued our report dated December 22, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Postlethwaite & Netterville".

Metairie, Louisiana
December 22, 2017

LOUISIANA NATIONAL GUARD FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

	<u>2017</u>
Cash	<u>\$ 941,498</u>
Total assets	<u>\$ 941,498</u>

LIABILITIES AND NET ASSETS

Accounts payable	<u>\$ 16,313</u>
Total liabilities	<u>16,313</u>
Unrestricted net assets	825,103
Temporarily restricted net assets	<u>100,082</u>
Total net assets	<u>925,185</u>
Total liabilities and net assets	<u>\$ 941,498</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FROM NOVEMBER 15, 2016 (INCEPTION) THROUGH JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Billeting	\$ 138,284	\$ -	\$ 138,284
Contributions	601,010	-	601,010
Contributed net assets (note 2)	160,138	105,082	265,220
Interest	29	-	29
Net assets released from restriction	5,000	(5,000)	-
	<u>904,461</u>	<u>100,082</u>	<u>1,004,543</u>
<u>EXPENSES</u>			
Program Services	10,603	-	10,603
Management and general	68,755	-	68,755
	<u>79,358</u>	<u>-</u>	<u>79,358</u>
Change in net assets	825,103	100,082	925,185
<u>NET ASSETS AT BEGINNING OF THE PERIOD</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 825,103</u>	<u>\$ 100,082</u>	<u>\$ 925,185</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

STATEMENT OF CASH FLOWS
FROM NOVEMBER 15, 2016 (INCEPTION) THROUGH JUNE 30, 2017

	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ 925,185
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Contributed net assets	(265,220)
Changes in operating assets and liabilities:	
Accounts payable	<u>16,313</u>
Net cash provided by operating activities	<u>676,278</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Contributed net assets	<u>265,220</u>
Net cash provided by investing activities	<u>265,220</u>
Net increase in cash	941,498
Cash, beginning of period	<u>-</u>
Cash, end of year	<u>\$ 941,498</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Louisiana National Guard Foundation (“Organization”) is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The Organization’s mission is to exclusively support the educational programs and the museums of the Louisiana National Guard as well as the Louisiana National Guard’s mission, its members, veterans and their families.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

Classification of Net Assets

Financial Accounting Standards Board Codification No. 958 entitled “Not-For-Profit Entities” requires that net assets and changes in net assets be reported for three classifications—permanently restricted, temporarily restricted, and unrestricted—based on the existence or absence of donor imposed restrictions of the assets to a particular purpose. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations. The Organization has no permanently restricted net assets.

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any 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.

In order to increase The Military Department of Louisiana's (LMD), capabilities to accomplish its mission, LMD has a Billeting Program (the Program) for transient housing for soldiers, airmen, employees and other first responders at its major installations, Camp Beauregard, Camp Minden, Jackson Barracks, and the Gillis W. Long Center. In February of 2017, the LMD and the Organization entered into a cooperative endeavor agreement to operate and maintain the Program. During an initial phase-in period, the Organization will work the LMD to determine the best practices for operation of the Program. During this period the Organization is recognizing billeting revenue when notified by the LMD. The phase-in period is scheduled to expire on January 31, 2018.

Cash

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2017.

Contributed Services

Members of the Organization's board of directors have made significant contributions of their time to assist in the Organization's operations and related charitable programs. In accordance with accounting principles generally accepted in the United States, the value of this contributed time is not recorded in these financial statements as it does not meet the criteria for recognition under GAAP.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

In accordance with ASC 740 – *Income Taxes*, the Organization applies a “more-likely-than-not” recognition threshold for all tax uncertainties. There were no unrecognized tax benefits identified or recorded as liabilities for the period ended June 30, 2017.

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosure of underwater endowments is required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted.

The Organization is currently assessing the impact of this pronouncement on its financial statements.

2. Contributed Net Assets

In April of 2017 the Friends of the Louisiana National Guard Museum ("FLNGM") agreed to contribute its net assets to the Organization. Assets contributed consisted of \$265,220 in cash at the date of contribution. There were no liabilities of FLNGM at the time of the contribution. This transaction is accounted for under the acquisition method of accounting. The Organization will continue to support the mission of FLNGM. At June 30, 2017, \$100,082 of the cash received as part of the transaction is restricted for FLNGM purposes.

3. Economic Dependency

In calendar 2016, the Organization became incorporated and in April of 2017 the Organization acquired the Friends of the Louisiana National Guard Museum. Approximately 67% of contribution revenues are attributed to a startup contribution from the Louisiana Military Department and 26% of contribution revenues received in 2017 is due to the acquisition. The continued operations of the Organization are dependent upon increased billeting revenues as well as obtaining new funding.

4. Restricted Assets

Temporarily restricted net assets at June 30, 2017 of \$100,082 consist entirely of contributions restricted for the operations of the Louisiana National Guard Museum.

5. Related Party Transactions

During the period from November 15, 2016 (inception) through June 30, 2017, the Organization contracted with a board member for legal services totaling \$24,744.

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO FINANCIAL STATEMENTS

6. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 22, 2017, and determined that there were no other items for disclosure, other than the following.

In July of 2017, the Organization merged with the Youth Challenge Foundation. The assets, responsibilities, and liabilities of the Youth Challenge Foundation will be assumed by the Organization.

During September and October of 2017, the Organization, through the creation of subsidiary special purpose entities, LANG Foundation – Camp Minden, LLC, and LANG Foundation Camp Minden Rail, LLC, entered into two cooperative endeavor agreements (CEA) with the Louisiana Military Department (LMD) to operate as the master subtenant that will sublease a rail line and a ground lease to private entities. The income generated by these leases, will be restricted and spent in accordance with instructions provided by the Adjutant General (TAG) or directly forwarded to TAG within twelve months of the Organization's fiscal year end and be classified as rent expense to the Organization.

During December of 2017, the Organization approved a plan to merge with the Military Enhancement Training and Education Fund (METEF). The assets, responsibilities, and liabilities of the METEF will be assumed by the Organization.

No events other than disclosed above occurring after December 22, 2017 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA NATIONAL GUARD FOUNDATION

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY
HEAD OR CHIEF EXECUTIVE OFFICER***

FROM NOVEMBER 15, 2016 (INCEPTION) THROUGH JUNE 30, 2017

Agency Head Name: Michael Niclosi, Executive Director

<i>Purpose</i>	Amount
Salary (Contract Payments)	n/a
Benefits-insurance	n/a
Benefits-retirement	n/a
Benefits	n/a
Car allowance	n/a
Vehicle provided by government	n/a
Per diem	n/a
Reimbursements	n/a
Travel (mileage)	n/a
Registration fees	n/a
Conference travel	n/a
Continuing professional education fees	n/a
Housing	n/a
Unvouchered expenses	n/a
Special meals	n/a

See Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Louisiana National Guard Foundation

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 Louisiana National Guard Foundation. (the Organization or LANGF), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows from November 15, 2016 (inception) through June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LANGF'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 LANGF's internal control. Accordingly, we do not express an opinion on the effectiveness of the LANGF'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.

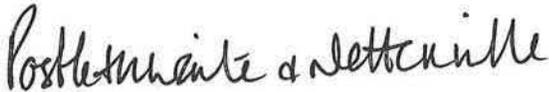
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 LANGF's financial statements are free of material misstatements, 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 LANGF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
December 22, 2017

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Louisiana National Guard Foundation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Louisiana National Guard Foundation ("LANGF" or the "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 from November 15, 2016 (inception) through June 30, 2017. 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

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

We performed the procedures above and noted the following exceptions:

- **No written policy for budgeting.**

- 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.

We performed the procedures above and noted the following exceptions:

- **No written policy for purchasing.**

- c) *Disbursements*, including processing, reviewing, and approving

We performed the procedures above and noted the following exceptions:

- **No written policy for disbursements.**

Written Policies and Procedures (continued)

- d) *Receipts*, including receiving, recording, preparing deposits, process to identify the completeness of collections, and frequency of deposits.

We performed the procedures above and noted the following exceptions:

- **No written policy for receipts.**

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted the following exceptions:

- **No written policy for payroll/personnel.**

- 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

We performed the procedures above and noted the following exceptions:

- **No written policy for contracting.**

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

We performed the procedures above and noted the following exceptions:

- **No written policy for credit cards.**

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, (4) required approvers, (5) information on per diem, and (6) information on mileage rates.

We performed the procedures above and noted the following exceptions:

- **No written policy for travel and expense reimbursement.**

- 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) a system to monitor possible ethics violations, (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

We performed the procedures above and noted the following exceptions:

- **No written policy for ethics.**

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, (4) debt service requirements.

We performed the procedures above and noted the following exceptions:

- **No written policy for debt service.**

Management response: The Entity was formed in November 2016 and is currently in the process of developing and implementing policies and procedures for the areas above.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We performed the procedures above and noted that the board met twice during the period ended June 30, 2017. The Entity's bylaws require two meetings annually. No exception noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We performed the procedures above and noted the following exceptions:

- **LANGF board meetings did not begin until March of 2017. For the period March 2017 to June 2017, the two board meetings held did not reference monthly budget-to-actual comparisons.**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures above and noted no exceptions.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note:* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

Bank Reconciliations (continued)

- a) Bank reconciliations have been prepared;

We selected all three bank accounts and performed the procedures listed above, noting the following exceptions:

- **Operations of LANGF did not begin until March of 2017. For the period March of 2017 to June of 2017, reconciliations were prepared for all 4 months for one account. Two bank accounts were not acquired until June of 2017 and no reconciliations were performed.**

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We selected three bank accounts and performed the procedures above, noting the following exceptions:

- **No evidence of review of bank reconciliations by a member of management or board member was present for any of the 3 accounts selected.**

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures above and noted no exceptions.

Management response: The two bank accounts from the June 2017 merger have been reconciled. Implementation of Board Member sign off of bank reconciliations will be in affect for the fiscal year ending June 30,2018.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note:* For each cash collection location selected:

Collections (continued)

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We performed the procedures above and noted the following exceptions:

- **Policy does not require each person collecting money to be bonded. As the daily operations of the Louisiana National Guard Foundation are solely managed by the Executive Director; he is the only person collecting, depositing, and recording cash. He is also responsible for reconciling the related bank account.**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We performed the procedures above and noted the following exceptions:

- **No written policy for collections.**

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The Entity does not maintain collection logs or other similar documentation. Therefore, for the one week tested, we could not determine the number of days from receipt to deposit.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The Entity does not maintain collection logs or other similar documentation. Therefore, for the one week tested, we could not determine the number of days from receipt to deposit.

Collections (continued)

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

We performed the procedures above and noted the following exception:

- **No written policy for collections.**

Management's response: The nature of the Foundation's business whereby funds are electronically collected and therefore automatically credited to the bank accounts therefore mitigate the collection process. In the event such a policy will become necessary a written collection policy will be developed and implemented.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We performed the procedures above and noted no exceptions.

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We noted the entity had less than 25 disbursements during the fiscal period. We selected the 3 largest disbursements and noted that the disbursements constituted at least one third of the dollar disbursement population.

We performed the procedures above and noted the following exception:

- **None of the items tested were initiated using a requisition / purchase order system.
The Entity does not utilize a requisition / purchase order system.**
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We performed the procedures above and noted the following exception:

- **None of the items tested were initiated using a requisition / purchase order system.
The Entity does not utilize a requisition / purchase order system.**

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)
(continued)***

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We performed the procedures above and noted the following exception:

- None of the items tested were initiated using a requisition / purchase order system. The Entity does not utilize a requisition / purchase order system.
- None of the items tested included evidence of approval on the invoice, however, for two of the three selections, we noted approval in the minutes to board meetings.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We performed the procedures above and noted the following exception:

- The person responsible for processing payments also has the ability to add vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the procedures above and noted the following exceptions:

- The person with signatory authority for disbursements is also the same person responsible for initiating and recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, inspect entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the procedures above and noted that the individual with access to check stock has signatory authority.

Management's response: Even though the Foundation does not use a purchase order system sizable cash disbursements are approved by the Board during Board Meetings and so noted in the minutes.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

We performed the procedures above and noted no signature stamp or signature machine is used and noted no exceptions.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

LANGF does not provide credit cards to employees, therefore, this procedure is not applicable.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

LANGF did not have any travel or expense reimbursements during the fiscal period, therefore this step is not applicable.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Step is not applicable

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

Travel and Expense Reimbursement (Continued)

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Step is not applicable.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Step is not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Step is not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Step is not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Step is not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Step is not applicable.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures above and noted no exceptions.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Contracts (continued)

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

Contracts (continued)

- e) Obtain/inspect contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We performed the procedures above and noted LANGF does not have any vendor contracts in place for the current fiscal year.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We noted LANGF has no employees.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We noted LANGF has no employees.

- 23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We noted LANGF has no employees.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We noted LANGF has no employees.

Payroll and Personnel (continued)

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We noted LANGF has no employees.

Ethics

Items 26-27 were not included as they are not applicable to nonprofits.

Debt Service (excluding nonprofits)

Items 28-30 were not included as not applicable to nonprofits.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/inspect supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedure above and noted no exceptions.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and noted the following exception:

- Notice required by R.S. 24:523.1 is not posted on premise or website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedures above and noted no exceptions.

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.

Postlethwaite & Netterville

Metairie, Louisiana
December 22, 2017