

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2017



CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

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CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **CENTER FOR PLANNING EXCELLENCE, INC. (CPEX)** (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CPEX as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

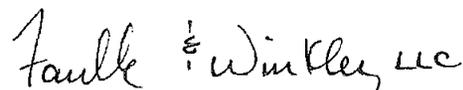
We have previously audited CPEX's 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedules 1 and 2 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report June 25, 2018, on our consideration of CPEX's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering CPEX's internal control over financial reporting and compliance.



Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2018

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(with comparative amounts for 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 435,165	\$ 411,763
Investments	290,989	362,673
Accounts receivable	425,804	127,727
Prepaid expenses	<u>8,859</u>	<u>14,555</u>
Total current assets	1,160,817	916,718
PROPERTY - net	<u>10,605</u>	<u>14,406</u>
Total assets	<u>\$ 1,171,422</u>	<u>\$ 931,124</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 78,823	\$ 22,421
Deferred revenue	<u>283,283</u>	<u>85,409</u>
Total liabilities	<u>362,106</u>	<u>107,830</u>
NET ASSETS		
Unrestricted	678,079	495,657
Temporarily restricted	<u>131,237</u>	<u>327,637</u>
Total net assets	<u>809,316</u>	<u>823,294</u>
Total liabilities and net assets	<u>\$ 1,171,422</u>	<u>\$ 931,124</u>

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

CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2017
(with comparative amounts for 2016)

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Consulting	\$ 1,046,780	\$ -	\$ 1,046,780	\$ 459,476	\$ 7,252	\$ 466,728
Membership	281,938	-	281,938	338,147	-	338,147
Grants	130,627	70,000	200,627	60,643	632,176	692,819
Event	121,006	-	121,006	129,171	-	129,171
In-kind	16,400	-	16,400	26,960	-	26,960
Interest and other	38,315	-	38,315	16,412	-	16,412
Total revenues	1,635,066	70,000	1,705,066	1,030,809	639,428	1,670,237
Net assets released from restrictions	266,400	(266,400)	-	461,406	(461,406)	-
Total revenues and net assets released from restriction	1,901,466	(196,400)	1,705,066	1,492,215	178,022	1,670,237
EXPENSES						
Program services:						
Planning	929,983	-	929,983	665,670	-	665,670
Policy	207,896	-	207,896	336,073	-	336,073
Communications	123,968	-	123,968	425,912	-	425,912
Total program services	1,261,847	-	1,261,847	1,427,655	-	1,427,655
Administration	353,078	-	353,078	154,670	-	154,670
Fundraising	104,119	-	104,119	131,565	-	131,565
Total expenses	1,719,044	-	1,719,044	1,713,890	-	1,713,890
Change in net assets	182,422	(196,400)	(13,978)	(221,675)	178,022	(43,653)
NET ASSETS						
Beginning of year	495,657	327,637	823,294	717,332	149,615	866,947
End of year	\$ 678,079	\$ 131,237	\$ 809,316	\$ 495,657	\$ 327,637	\$ 823,294

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

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

(with comparative amounts for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (13,978)	\$ (43,653)
Adjustments for non-cash items:		
Depreciation	5,096	4,716
Net unrealized gain on investments	(33,232)	(10,241)
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(292,381)	38,110
Accounts payable and accrued expenses	56,402	(23,325)
Deferred revenue	<u>197,874</u>	<u>(12,177)</u>
Net cash used by operating activities	<u>(80,219)</u>	<u>(46,570)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,084)	(5,742)
Sale of investments	110,000	100,000
Purchase of property and equipment	<u>(1,295)</u>	<u>(8,933)</u>
Net cash provided by investing activities	<u>103,621</u>	<u>85,325</u>
Increase in cash and cash equivalents	23,402	38,755
CASH		
Beginning of year	<u>411,763</u>	<u>373,008</u>
End of year	<u>\$ 435,165</u>	<u>\$ 411,763</u>

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

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

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

Basis of presentation

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

CPEX is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available for use at the discretion of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. There are no permanently restricted net assets at December 31, 2017.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, deferred revenue, and depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value financial instruments

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

Cash and cash equivalents

For purposes of the statements of cash flows, CPEX considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2017, CPEX did not have cash equivalents.

Investment valuation and income recognition

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

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that CPEX has the ability to access. CPEX does not have any Level 1 assets at December 31, 2017.

Level 2 – Inputs including:

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

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

Level 3 – Inputs that are unobservable and significant to the fair value measurement. CPEX does not have any Level 3 assets at December 31, 2017.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable and revenue recognition

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. Management believes that all receivables are collectible at December 31, 2017; therefore, an allowance for doubtful accounts was not recognized. At December 31, 2017, CPEX did not have receivables outstanding for longer than 90 days. CPEX does not require collateral to secure receivables.

Property and depreciation

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

Grant revenue recognition

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

Deferred revenue

CPEX has service agreements that apply to programs whose duration extends over several years that are considered exchange transactions for accounting purposes. CPEX typically receives a payment at the execution of the agreement which precedes performing the contractual services. Revenue is recognized on these contracts as services are performed and expenses are incurred, and in accordance with the terms of the agreement. At December 31, 2017, deferred revenue on service contracts was \$283,283.

Contributions and expenses

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

Employee benefit plans

CPEX sponsors a simple individual retirement account plan for eligible employees electing to establish an account. CPEX provides matching contributions of a maximum of 3% of eligible compensation. Employees are eligible after one year of service. Participants are fully vested in contributions to their individual retirement account. Contributions to the retirement plan were approximately \$24,000 for 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation leave

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

Income taxes

CPEX is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. CPEX follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of CPEX believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for uncertain tax positions. CPEX's open audit periods are 2013 through 2017.

Functional expenses

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

Reclassifications

Certain reclassifications have been made in the 2016 financial statements to conform to the classifications used in the 2017 financial statements. The reclassifications have no effect on the net assets previously reported.

Subsequent events

In preparing these financial statements, CPEX has evaluated events and transactions for potential recognition or disclosure through June 25, 2018, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments at December 31, 2017 are summarized as follows:

	Cost	Market
Baton Rouge Area Foundation - pooled account	\$ 275,781	\$ 290,989
Investment earnings for 2017 area as follows:		Amount
Unrealized gains		24,822
Realized gains		8,410
Interest income		5,083
Total		\$ 38,315

NOTE 3 - PROPERTY, net

Property at December 31, 2017, consists of the following:

	Service Lives	Amount
Computer and video equipment	3-5 years	\$ 92,849
Furniture and fixtures	5-10 years	7,535
		100,384
Less: accumulated depreciation		(89,779)
Property, net		\$ 10,605

Depreciation expense was \$5,096 for 2017.

NOTE 4 - NET ASSETS

The 2017 activity of temporarily restricted net assets was as follows:

Funding Sources	2016	Increases	Decrease	2017
GNOF Flood Recovery	\$ 83,354	\$ -	\$ (40,782)	\$ 42,572
Wilson Foundation 2018	-	40,000	(4,255)	35,745
Center for Disaster Philanthropy	-	30,000	(1,617)	28,383
McKnight Flood Recovery	67,716	-	(43,323)	24,393
Ford 2016	46,368	-	(46,224)	144
Kresge 15	51,000	-	(51,000)	-
Huey and Angelina Wilson	40,000	-	(40,000)	-
Walton	39,199	-	(39,199)	-
	\$ 327,637	\$ 70,000	\$ (266,400)	\$ 131,237

(continued)

NOTE 4 - NET ASSETS (CONTINUED)

The contributions received above are designated to fund a specific purpose. When the related purpose restriction is satisfied, the temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject CPEX to concentrations of credit risk consist primarily of cash and receivables. At various times during 2017, cash on deposit at banks exceeded the \$250,000 insured amount by the Federal Deposit Insurance Corporation institution. Management believes the risk is limited.

NOTE 6 - LEASE OBLIGATION

CPEX leased an office facility under an operating lease with a two-year term, which expires June 30, 2019. During 2017, rent expense was \$40,405. The future lease commitment is \$40,641 for 2018 and \$20,321 in 2019.

SUPPLEMENTARY INFORMATION

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSESFor the year ended December 31, 2017
(with summarized comparative totals for 2016)

	Program						Totals	
	Planning	Policy	Communi- cations	Total	Administration	Fundraising	2017	2016
Salaries, payroll taxes, and benefits	\$ 713,843	\$ 190,245	\$ 26,204	\$ 930,292	\$ 298,369	\$ 104,119	\$ 1,332,780	\$ 1,252,078
Professional services	111,677	4,155	14,067	129,899	13,921	-	143,820	191,833
Travel and meetings	37,920	3,664	60,437	102,021	20,659	-	122,680	121,133
Occupancy	27,330	3,343	2,258	32,931	7,474	-	40,405	52,396
Equipment rental and maintenance	11,770	1,577	2,133	15,480	2,064	-	17,544	19,848
Printing, postage and shipping	7,425	445	5,978	13,848	985	-	14,833	28,907
Insurance	7,277	1,074	447	8,798	3,385	-	12,183	10,816
Office supplies	4,596	283	1,725	6,604	1,205	-	7,809	5,522
Communications	3,565	2,116	9,682	15,363	2,920	-	18,283	18,133
Depreciation	2,847	387	306	3,540	1,556	-	5,096	4,716
Dues and subscriptions	1,733	607	731	3,071	540	-	3,611	5,946
Service charges	-	-	-	-	-	-	-	2,562
	<u>\$ 929,983</u>	<u>\$ 207,896</u>	<u>\$ 123,968</u>	<u>\$ 1,261,847</u>	<u>\$ 353,078</u>	<u>\$ 104,119</u>	<u>\$ 1,719,044</u>	<u>\$ 1,713,890</u>

See Independent Auditors' Report

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

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

December 31, 2017

Agency Head: Elizabeth Thomas

No compensation paid from public funds.

Special Independent Auditors' Report
CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

December 31, 2017



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the **CENTER FOR PLANNING EXCELLENCE, INC. (CPEX)** (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CPEX's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPEX's internal control. Accordingly, we do not express an opinion on the effectiveness of CPEX's internal control.

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

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

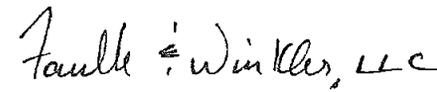
Compliance and Other Matters

As part of obtaining reasonable assurance about whether CPEX's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2018

CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2017

There were no current year findings.

CENTER FOR PLANNING EXCELLENCE, INC.
Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended December 31, 2016

There were no prior year findings.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

December 31, 2017



Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

CENTER FOR PLANNING EXCELLENCE, INC.

Baton Rouge, Louisiana

December 31, 2017



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

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

We have performed the procedures enumerated below, which were agreed to by Center for Planning Excellence, Inc. (CPEX) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 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.

CPEX's written policies and procedures do not address these areas.

- 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.

CPEX's written policies and procedures include controls to ensure compliance with the public bid law and documentation to be maintained for all bids and price quotes. The policies do not address how purchases are initiated, how vendors are added to the vendor list, and preparation and approval process of purchase requisitions and purchase orders.

- c. Disbursements, including processing, reviewing, and approving.

CPEX's written policies and procedures address these areas.

- d. Receipts, including receiving, recording, and preparing deposits.

CPEX's written policies and procedures address these areas.

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

CPEX's written policies and procedures address these areas.

- 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.

CPEX's policies address types of services requiring written contracts, standard terms and conditions, legal review, and approval processes. The policies do not address monitoring processes.

- 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.

CPEX's written policies and procedures do not address these areas.

- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

CPEX's written policies and procedures address these areas.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Not applicable.

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

CPEX's policies do not address debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a. Report whether the managing board met (with quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions 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).

The minutes 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.

CPEX's minutes discussed non-budgetary financial information, including board of member procedures, contract approvals, and contract status updates.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all the 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: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Monthly bank reconciliations were prepared for the traditional bank accounts with activity without exception. The online merchant accounts are updated at the end of the month to reflect the current balance, but a reconciliation documentation is not generated.

- 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

Reconciliations do not include signature denoting if management or a board member has reviewed the reconciliation.

- 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.

The reconciliation does not list any items outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

Management provided a listing of all cash collection locations. CPEX has one collection location.

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: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- 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.

CPEX does not have written documentation addressing these areas.

- 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.

CPEX does not have written documentation addressing these areas.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. 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 week of the most cash collections consisted of 9 checks received. The largest check for approximately \$200,000 was deposited the same day the check was collected. Of the remaining 8 checks totaling approximately \$19,500, 7 were received 7 days before the deposit date and the other was received the same day it was deposited.

- ii. 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.

No exceptions noted.

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.

CPEX does not have written documentation addressing these areas.

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.

Check register of disbursement for all cash accounts for the year ended December 31, 2017 was obtained. Management represented that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly 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.

Purchases were initiated using an equivalent purchase order system, separating the initiation for approval processes for 21 of the 25 selected disbursements.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions were noted for the 21 disbursements that were initiated by purchase order equivalents.

- 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.

No exceptions were noted for the 21 disbursements that were initiated by purchase order equivalents.

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.

Individuals that are responsible for processing payments have 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.

Management with signatory authority or who make the final authorization for disbursements do not have responsibility for initiating or 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, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked file cabinet and access is restricted to individuals who do not have signing authority of checks.

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.

This criterion is not applicable as CPEX does not utilize a signature stamp.

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.

Management provided a listing of all active credit cards and names of individuals with access to the cards. Management represented that the listing was complete.

15. Using the listing prepared by management, randomly 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:

CPEX has twelve credit cards; therefore, ten cards were selected for testing.

- 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.]]

There was no evidence that monthly statement and supporting documentation was approved, in writing, by someone other than the authorized cardholder.

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

There were no instances of finance charges or late fees on the selected statements.

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:

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

Of the 89 charges reviewed, 3 items lacked proper supporting documentation.

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

There are 5 instances in which meal charges lacked documentation of the individuals participating and business purpose of the meal.

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

There were four instances in which alcohol was purchased on the company credit card, which is prohibited by CPEX's travel guidelines.

- 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.

No exceptions noted.

- 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.

No exceptions noted for charges that had supporting documentation.

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.

Management provided a listing of all travel and related expense reimbursements and represented that the ledger was complete.

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.

Travel and expense reimbursement are outlined in CPEX's policy, that states the rate of reimbursement shall not exceed the amounts outlined by the GSA. No exceptions noted.

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.
- 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.

All expense reimbursement documentation was prepared in accordance with the CPEX's written policies and compared to the GSA rates.

- b. Report whether each expense is supported by:
- i. 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.]

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.

All transactions have business purposes in compliance with Article 7, Section 14;
No prohibited activity noted.

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

No exceptions noted.

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.

Management provided listing of all vendors and represented that the listing was complete.
We selected the top five vendors from this listing for testing purposes.

- 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.

No exceptions noted.

- 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:

- i. 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)

Contracts selected for testing were not subject to public bid law, therefore, comparison to legal requirements was not performed.

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

Contracts selected for testing did not have supporting documentation indicating management solicited quotes as a best practice.

- 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.

The contracts selected were not amended during the current fiscal period.

- 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.

No exceptions noted.

- e. Obtain/review 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).

No exceptions noted.

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. Randomly 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.

No exceptions noted.

- 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.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly 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.)

No exceptions noted.

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

One of the selected employees had a portion of their leave approved verbally.

- 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.

No exceptions noted.

- 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.

Management provided a listing of all terminated employees during the fiscal period and has represented the listing as complete. One employee was terminated during the fiscal period and properly compensated in accordance with their termination letter.

- 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.

All federal income taxes, state income taxes, state unemployment taxes, and retirement contributions were submitted to the applicable agencies by the required deadlines without exception for all pay days after March 31, 2017. In February 2017, CPEX switched from monthly to bi-monthly pay periods causing a delay in remittance for one federal, two state, and four retirement payments.

Ethics

Items 26-27 are not applicable to non-profits.

Debt Service (excluding nonprofits)

Items 28-30 are not applicable to nonprofits.

Other

- 31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review 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.

Per inquiry with management, there have not been any misappropriation of public funds or assets.

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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

CPEX has posted the required noticed within the premise, but not on their 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.

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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2018