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A Professional Accounting Corporation

January 22, 2019

Daryl G. Purpera
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera,

Attached is the revised report for Louisiana National Guard Foundation for the fiscal year ended June 30, 2018. We are re-submitting this report to your office, as a formula error was noted on the statement of activities and changes in net assets which impacted the totals presented for revenue and change in net assets. This change had no impact on the statement of financial position and net assets reported in the financial statements.

Should you have questions, please reach out to me at (504) 837-5990.

Thank you,

POSTLETHWAITE & NETTERVILLE, APAC

Elaine Garvey, CPA
Director

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 20 2019

REISSUE

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018



P&N

Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana National Guard Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Louisiana National Guard Foundation (the Organization) (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and consolidated cash flows for the year ended June 30, 2018 and from November 15, 2016 (inception) through June 30, 2017, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana National Guard Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the year ended June 30, 2018 and 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 consolidated 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, 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.

Postlethwaite & Netterville

Metairie, Louisiana
December 14, 2018

LOUISIANA NATIONAL GUARD FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,853,408	\$ 941,498
Cash, restricted	223,320	-
Accounts receivable	1,753	-
Prepaid expenses	1,072	-
Other assets	<u>5,467</u>	<u>-</u>
 Total assets	 <u>\$ 2,085,020</u>	 <u>\$ 941,498</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 49,411	\$ 16,313
Accrued expense	5,335	-
Deferred revenue	<u>29,100</u>	<u>-</u>
 Total liabilities	 <u>83,846</u>	 <u>16,313</u>
 Unrestricted net assets	 1,234,003	 820,076
Temporarily restricted net assets	<u>767,171</u>	<u>105,109</u>
 Total net assets	 <u>2,001,174</u>	 <u>925,185</u>
 Total liabilities and net assets	 <u>\$ 2,085,020</u>	 <u>\$ 941,498</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Billeting	\$ 638,337	\$ -	\$ 638,337
Contributions	223,272	141,101	364,373
Contributed net assets (note 2)	-	535,779	535,779
Other revenue	111,159	812	111,971
Fundraising event revenue, net of related expense of \$9,560	14,359	-	14,359
Lease revenue	227,440	-	227,440
Interest	5,618	-	5,618
Net assets released from restriction	10,603	(10,603)	-
	<u>1,230,788</u>	<u>667,089</u>	<u>1,897,877</u>
Total revenues and support			
<u>EXPENSES</u>			
Program services	470,958	-	470,958
Management and general	350,930	-	350,930
	<u>821,888</u>	<u>-</u>	<u>821,888</u>
Total expenses			
Change in net assets	408,900	667,089	1,075,989
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>			
	<u>825,103</u>	<u>100,082</u>	<u>925,185</u>
<u>NET ASSETS AT END OF THE YEAR</u>			
	<u>\$ 1,234,003</u>	<u>\$ 767,171</u>	<u>\$ 2,001,174</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED 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)	-
	<hr/>	<hr/>	<hr/>
Total revenues and support	904,461	100,082	1,004,543
<u>EXPENSES</u>			
Program services	10,603	-	10,603
Management and general	68,755	-	68,755
	<hr/>	<hr/>	<hr/>
Total expenses	79,358	-	79,358
	<hr/>	<hr/>	<hr/>
Change in net assets	825,103	100,082	925,185
<u>NET ASSETS AT BEGINNING OF THE PERIOD</u>			
	<hr/>	<hr/>	<hr/>
	-	-	-
<u>NET ASSETS AT END OF THE PERIOD</u>			
	<hr/>	<hr/>	<hr/>
	\$ 825,103	\$ 100,082	\$ 925,185
	<hr/>	<hr/>	<hr/>

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

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,075,989	\$ 925,185
Adjustments to reconcile change in net assets		
Contributed net assets	(535,779)	(265,220)
Changes in operating assets and liabilities:		
Accounts receivable	(1,753)	-
Prepaid expenses	(1,072)	-
Other assets	(5,467)	-
Accounts payable	33,098	16,313
Accrued expenses	5,335	-
Deferred revenue	29,100	-
Net cash provided by operating activities	<u>599,451</u>	<u>676,278</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Contributed net assets	<u>535,779</u>	<u>265,220</u>
Net cash provided by investing activities	<u>535,779</u>	<u>265,220</u>
Net increase in cash and restricted cash	1,135,230	941,498
Cash and restricted cash at beginning of period	<u>941,498</u>	<u>-</u>
Cash and restricted cash at end of year	<u>\$ 2,076,728</u>	<u>\$ 941,498</u>
<u>RECONCILIATION OF CASH:</u>		
Cash	\$ 1,853,408	\$ 941,498
Restricted cash	<u>223,320</u>	<u>-</u>
Total cash and restricted cash	<u>\$ 2,076,728</u>	<u>\$ 941,498</u>

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

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Louisiana National Guard Foundation is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The Organization's and its wholly owned subsidiaries' (LANG Foundation – Camp Minden, LLC, LANG Foundation – Camp Minden Rail, LLC and LANG Foundation – Solar Power, LLC) (collectively, “the Organization”) 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.

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.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Louisiana National Guard Foundation and its wholly owned subsidiaries, LANG Foundation – Camp Minden, LLC and LANG Foundation – Solar Power, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated 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 consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOUISIANA NATIONAL GUARD FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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.

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, 2018 and 2017.

Accounts Receivable

Accounts receivable are recorded at their outstanding balance, net of any allowance for doubtful accounts, if determined necessary. Management does not have an allowance for doubtful accounts as outstanding amounts are considered collectible. Customer accounts are considered delinquent based upon contractual payment terms.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. 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 and changes in net assets as net assets released from restriction.

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

During an initial phase-in period, the Organization worked with the LMD to determine the best practices for operation of the Program. During this period the Organization recognized billeting revenue when notified by the LMD. The phase-in period expired on January 31, 2018. After the phase-in period, the Organization recognizes billeting revenue at the time the service is performed.

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 consolidated financial statements as it does not meet the criteria for recognition under GAAP.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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 as of June 30, 2018 and 2017.

Accounting Changes

During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash requires presentation of the total change in cash, cash equivalents, restricted cash, and restricted cash equivalents for the period in the statement of cash flows. The ASU applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. ASU 2016-18 is effective for years beginning after December 15, 2018 with early adoption permitted. The Organization has elected to early adopt the ASU.

LOUISIANA NATIONAL GUARD FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

On August 18, 2016, FASB issued 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 will be effective for the Organization's year ended June 30, 2019.

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for the Organization's year ended June 30, 2020.

The Financial Accounting Standards Board (FASB) has issue ASU 2014-09, Revenue from Contracts with Customers, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU will be effective for the Organization's year ended June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU will be effective for the Organization's year ended June 30, 2021.

The Organization believes there will be no material impact on consolidated total net assets upon adoption of these ASUs.

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.

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Contributed Net Assets (continued)

In October of 2017, the Youth Challenge Foundation, Inc. (YCP) agreed to contribute its net assets to the Organization. Assets contributed consisted of \$172,751 in cash at the date of contribution. There were no liabilities of YCP 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 YCP. The cash received as part of the transaction is restricted for YCP purposes.

In January of 2018, Military Education and Training Enhancement Fund, Inc. (METEF) agreed to contribute its net assets to the Organization. Assets consisted of \$363,028 in cash at the date of contribution. There were no liabilities of METEF 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 METEF. The cash received as part of the transaction is restricted for METEF purposes.

3. Rail Car Storage and Lease Revenue

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 proceeds generated by these leases, is designated to be 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. During the year ended June 30, 2018, the Organization earned \$223,320 related to these two CEAs and the unexpended balance is presented as restricted cash in the consolidated statement of financial position.

Minimum lease payments to be received under these agreements is as follows at June 30, 2018:

2019	\$ 388,712
2020	388,712
2021	379,785
2022	378,000
2023	378,000
Thereafter	<u>2,047,500</u>
	<u>\$ 3,960,709</u>

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Burn System

In response to a need to safely dispose of surplus military munitions stored at Camp Minden, Louisiana, the LMD constructed a contained burn chamber (the "CBC") for the destruction of the munitions. The LMD and LANG – Camp Minden, LLC entered into a cooperative endeavor agreement in April of 2018 to remediate, clean, and disassemble the Burn System and relocate the Burn System to a temporary location on Camp Minden, and after a period not to exceed one year after the transfer closing requirements are met, to relocate the Burn System outside of the state of Louisiana. The expected cost of the project will be not less than \$2,500,000. Although the LMD has some funds available ("LMD Available Funds"), the LMD Available Funds are insufficient to complete the project. The LMD entered into a contract with a third-party contractor to complete the project with the payment of the LMD Available Funds and a payable to the third-party contractor ("Third-Party Receivable"), which is to be paid by the Organization. LANG – Camp Minden, LLC will assist the LMD by assuming the Third-Party Receivable and undertaking the certain tasks related to the project. These tasks include the payment of rent in connection with the lease of the temporary storage site from the date of the transfer of rights, title, and interest in the Burn System, assisting with the oversight of the project, and assuming the responsibility for the transportation of the Burn System to a location outside of the state.

The consideration for the transfer of the Burn System by LMD to the Foundation includes the assumption of the Third Party Receivable, the payment of a cash component at closing, with the remaining component of the consideration to be paid from a portion of the gross revenues generated from the operation of the Cleaned Dismantled Burn System in the future.

In conjunction with the contract above, in April of 2018 the Organization entered into an asset purchase agreement with the LMD and the Third Party Contractor to simultaneously transfer the Burn System to the Organization who would then sell the Burn System to the Third Party Contractor for a sum of \$5,000,000, which would be offset by the cost of dismantling and removal of the Burn System (estimated to be \$2,693,484 further reduced by the amount of LMD Available Funds). The remaining amount due to the Organization will be paid over a 10-year period, to be paid in full by the 10th anniversary of the closing date. Under the provisions of the purchase agreement, monthly payments of \$5,000 would commence on the month immediately following closing. The full terms of the payment schedule will be reflected in an agreement to be executed at the closing of the system purchase transfer.

At June 30, 2018 no date has been set for the closing sale of the Burn System and no amounts have been recognized by the Organization and no payments have been made to the Organization as the project has been delayed.

5. Economic Dependency

Approximately 32% of contribution revenues are attributed to the acquisitions and are non-recurring. The continued operations of the Organization are dependent upon billeting revenues, sublease income, as well as obtaining new funding.

LOUISIANA NATIONAL GUARD FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Restricted Assets

Temporarily restricted net assets are available for the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Friends of the Louisiana National Guard Museum	\$ 133,395	\$ 100,082
Youth Challenge Program	277,121	-
Military Education Training Enhancement Program	356,655	-
	<u>\$ 767,171</u>	<u>\$ 100,082</u>

7. Related Party Transactions

There were no related party transactions during the year ended June 30, 2018. 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.

8. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 14, 2018, and determined that there were no items for disclosure, other than the following. In September and November 2018, the Organization granted \$300,000 and \$159,976, respectively, to the LMD for use in various projects. No events occurring after this date have been evaluated in the financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA NATIONAL GUARD FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY
HEAD OR CHIEF EXECUTIVE OFFICER*
YEAR ENDED JUNE 30, 2018

Agency Head Name: Michael Niclosi, Executive Director

<i>Purpose</i>	Amount
Salary (Contract Payments)	\$73,500
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)	7,811
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



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**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 consolidated financial statements of Louisiana National Guard Foundation (the Organization or LANGF), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Postlethwaite & Netterville

Metairie, Louisiana
December 14, 2018



**Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2018**

To 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 (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 July 1, 2017 through June 30, 2018. 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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*No exceptions noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

No exceptions noted

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.

No exceptions noted

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

No exceptions noted

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted

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

No exceptions noted

- 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.

No exceptions noted

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

The Entity does not have a written policy for its credit card.

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

No exceptions noted

- 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.

No exceptions noted

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

No exceptions noted

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 6 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and all 4 other accounts). We selected one month from the fiscal period for each account selected and obtained the bank reconciliations for those and subjected each to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Three of the five bank reconciliations selected were not prepared within two months of the closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

All 5 bank reconciliations obtained did not have evidence of management/ board member review.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We selected two deposit dates for one of the bank accounts selected in procedure #3 and noted that the other 4 bank accounts only received internal bank transfers and interest deposits during the period. We obtained supporting documentation for each of the two deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The two deposits selected were not deposited within one business day of the collection receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The entity has one location that processes payments for the fiscal period. No exceptions were noted as a result of performing this procedure.

The procedures below were performed for the one location noted.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

For the 1 location selected for our procedures, a single employee initiates purchase requests, approves purchases and is responsible for placing / making purchases.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments can modify the vendor file and no one else is responsible for reviewing the changes.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we selected the 1 credit card used in the fiscal period. We selected one monthly statement for the card selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

For the 1 credit card tested, the monthly statement provided did not contain evidence of review by someone other than the card holder. Supporting documentation was not provided for the 1 transaction listed on the monthly statement. There was no supporting documentation evidencing subsequent approval by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We selected 1 transaction for the 1 card selected in procedure #12 and performed the specified procedures. We noted no itemized receipt or written documentation of the business purpose.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For all 5 of the reimbursements selected, support could not be provided evidencing written approval.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Of the five contracts selected for testing none were subject to Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

None of the five contracts selected for testing were required to be approved by the governing body/board.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

None of the five contracts selected for testing were amended.

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

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. We noted 4 of the contracts did not have a written contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We noted the Entity has no existing personnel on payroll; therefore, procedures 17-19 were not performed.

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

Ethics

Item 20 was not included as not applicable for nonprofits.

Debt Service

Items 21-22 were not included as the Entity has no debt.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that there were no misappropriations of public funds and assets during the period. No exceptions were noted as a result of performing this procedure.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice was not posted on the Entity's website.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Below are Management's response to exceptions noted in the above agreed upon procedures:

Item 9a: There is only one employee. Members of the board provide oversight as a compensating control.

Item 9c: There is only one employee. Members of the board provide oversight as a compensating control.

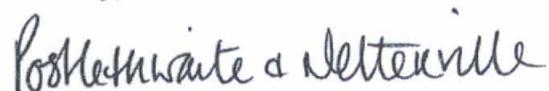
Item 14d: The Board Chairman and Treasurer provide an e-mail approval prior to the check being cut for the expense.

Item 24: The Foundation did not have a website as of June 30, 2018.

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.

Sincerely,



December 14, 2018