RECONCILE NEW ORLEANS, INC.
AND SUBSIDIARIES

Audits of Consolidated and Combined Financial Statements

December 31, 2018 and 2017

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated and combined financial statements of Reconcile New Orleans, Inc. and Subsidiaries (the Organization), which comprise the consolidated and combined statements of financial position as of December 31, 2018 and 2017, the related consolidated and combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reconcile New Orleans, Inc. and Subsidiaries as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, in 2018, Reconcile New Orleans, Inc. and Subsidiaries adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of the 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 effectiveness of the Organization's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
May 22, 2019

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash	$ 116,366	$ 76,186
Accounts Receivable, Net	180,413	669,805
Prepaid Expenses and Other Assets	26,578	26,207
Inventory	6,427	7,793
Total Current Assets	329,784	779,991
Property and Equipment, Net	4,429,637	4,547,298
Total Assets	$ 4,759,421	$ 5,327,289
Liabilities and Net Assets		
Current Liabilities		
Lines of Credit	$ 188,774	$ 1,012,005
Accounts Payable	135,439	154,431
Deferred Revenue	10,000	-
Salaries, Taxes, and Withholdings Payable	24,713	12,309
Notes Payable - Current Portion	18,321	17,869
Construction Loan Payable	-	676,864
Accrued Interest Payable	21,645	-
Total Current Liabilities	398,892	1,873,478
Long-Term Liabilities		
Notes Payable	1,054,706	1,073,695
Total Long-Term Liabilities	1,054,706	1,073,695
Total Liabilities	1,453,598	2,947,173
Net Assets		
Without Donor Restrictions	3,286,716	1,789,179
With Donor Restrictions	19,107	590,937
Total Net Assets	3,305,823	2,380,116
Total Liabilities and Net Assets	$ 4,759,421	$ 5,327,289

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants	$ 309,138	$ 93,500	$ 402,638
Total Support	309,138	93,500	402,638
Revenues and Gains			
Restaurant Sales	269,021	-	269,021
Catering Sales	230,496	-	230,496
Contributions and Donations	2,034,326	-	2,034,326
Fundraisers	55,465	-	55,465
Service Charges	32,478	-	32,478
Other	68,135	-	68,135
State Funding	270,135	-	270,135
Rental Income	113,567	-	113,567
Gain on Sale of Property and Equipment	14,451	-	14,451
	3,088,074	-	3,088,074
Net Assets Released from Restrictions	665,330	(665,330)	-
Total Revenues and Gains	3,753,404	(665,330)	3,088,074
Total Support and Revenues	4,062,542	(571,830)	3,490,712
Expenses			
Program Expenses			
Workforce Development Program	1,423,167	-	1,423,167
Supporting Services			
Management and General	1,137,065	-	1,137,065
Fundraising	194,643	-	194,643
Total Expenses	2,754,875	-	2,754,875
Change in Net Assets	1,307,667	(571,830)	735,837
Net Assets, Beginning of Year	1,789,179	590,937	2,380,116
Contributions	204,678	-	204,678
Distributions	(14,808)	-	(14,808)
Net Assets, End of Year	$ 3,286,716	$ 19,107	$ 3,305,823

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants	$ 261,500	$ 45,000	$ 306,500
Total Support	261,500	45,000	306,500
Revenues and Gains			
Restaurant Sales	288,791	-	288,791
Catering Sales	411,111	-	411,111
Contributions and Donations	274,959	-	274,959
Fundraisers	166,787	-	166,787
Other	11,369	-	11,369
Rental Income	29,796	-	29,796
Gain on Sale of Property and Equipment	37,850	-	37,850
	1,220,663	-	1,220,663
Net Assets Released from Restrictions	751,563	(751,563)	-
Total Revenues and Gains	1,972,226	(751,563)	1,220,663
Total Support and Revenues	2,233,726	(706,563)	1,527,163
Expenses			
Program Expenses			
Workforce Development Program	1,310,513	-	1,310,513
Supporting Services			
Management and General	1,494,534	-	1,494,534
Fundraising	157,871	-	157,871
Total Expenses	2,962,918	-	2,962,918
Change in Net Assets	(729,192)	(706,563)	(1,435,755)
Net Assets, Beginning of Year	2,252,347	1,297,500	3,549,847
Contributions	279,036	-	279,036
Distributions	(13,012)	-	(13,012)
Net Assets, End of Year	$ 1,789,179	$ 590,937	$ 2,380,116

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services		
	Workforce Development Program	Management and General	Fundraising	Total
Salaries	$ 748,212	$ 269,380	$ 108,958	$ 1,126,550
Employee Benefits	151,305	50,356	26,314	227,975
Depreciation	-	197,650	-	197,650
Cost of Sales - Food and Beverage	126,595	47,624	-	174,219
Contractual Services and Professional Fees	35,935	108,683	3,572	148,190
Interest and Bank Service Charges	-	147,601	-	147,601
Student Assistance Expense	102,901	-	-	102,901
Meals - Employee	30,808	56,670	3,237	90,715
Utilities	46,806	36,694	-	83,500
Marketing and Public Relations	22,011	26,572	23,061	71,644
Bad Debt Expense	-	71,068	-	71,068
Operating Supplies	35,726	25,046	1,068	61,840
Other	3,246	41,948	9,330	54,524
Insurance	35,218	15,841	-	51,059
Building and Equipment Repairs	28,854	7,805	-	36,659
Fees, Dues, and Subscriptions	16,076	10,780	2,796	29,652
Telephone	17,393	7,814	-	25,207
Credit Card Fees	6,076	8,940	1,057	16,073
Grant Writing Expense	-	-	15,250	15,250
Uniforms	6,881	-	-	6,881
Travel	5,653	163	-	5,816
Equipment Rental	3,460	66	-	3,526
Postage and Delivery	-	2,711	-	2,711
Storage	-	2,201	-	2,201
Technology and Software Maintenance	-	787	-	787
Volunteer Expense	11	665	-	676
Total	$ 1,423,167	$ 1,137,065	$ 194,643	$ 2,754,875

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services	Supporting Services		
	Workforce Development Program	Management and General	Fundraising	Total
Salaries	$ 675,418	$ 373,887	$ 70,794	$ 1,120,099
Contractual Services and Professional Fees	12,685	282,433	33,570	328,688
Depreciation	105,730	170,784	-	276,514
Cost of Sales - Food and Beverage	123,055	129,402	-	252,457
Employee Benefits	132,861	84,540	15,184	232,585
Marketing and Public Relations	42,053	164,910	13,260	220,223
Utilities	17,888	62,802	-	80,690
Student Assistance Expense	69,330	-	-	69,330
Insurance	-	53,810	-	53,810
Operating Supplies	48,759	3,252	1,308	53,319
Meals - Employee	699	43,530	-	44,229
Building and Equipment Repairs	27,608	10,130	712	38,450
Interest and Bank Service Charges	-	36,352	-	36,352
Telephone	13,376	12,030	5,389	30,795
Volunteer Expense	25,754	-	-	25,754
Fees, Dues, and Subscriptions	3,993	15,898	2,517	22,408
Other	-	20,057	-	20,057
Bad Debt Expense	-	18,871	-	18,871
Grant Writing Expense	-	-	15,068	15,068
Credit Card Fees	-	7,102	-	7,102
Travel	3,580	2,675	69	6,324
Uniforms	5,701	-	-	5,701
Equipment Rental	2,023	-	-	2,023
Occupancy	-	2,069	-	2,069
Total	$ 1,310,513	$ 1,494,534	$ 157,871	$ 2,962,918

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated and Combined Statements of Cash Flows
For the Year Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	**$ 735,837**	$ (1,435,755)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation	**197,650**	276,514
Bad Debt Expense	**71,068**	18,871
Gain on Sale of Property and Equipment	**(14,451)**	(37,850)
Extinguishment of Debt Contribution	**(1,600,000)**	-
Decrease (Increase) in Operating Assets:		
Accounts Receivable, Net	**418,324**	675,069
Prepaid Expenses and Other Assets	**(371)**	(1,628)
Inventory	**1,366**	12,820
Increase (Decrease) in Operating Liabilities:		
Accrued Interest Payable	**21,645**	-
Accounts Payable	**(18,992)**	(7,255)
Deferred Revenue	**10,000**	-
Salaries, Taxes, and Withholdings Payable	**12,404**	(7,424)
Net Cash Used in Operating Activities	**(165,520)**	(506,638)
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	**17,476**	56,800
Purchase of Property and Equipment	**(83,014)**	-
Net Cash (Used in) Provided by Investing Activities	**(65,538)**	56,800
Cash Flows from Financing Activities		
Proceeds from Line of Credit	**429,090**	100,000
Payments on Line of Credit	**(290,316)**	(50,000)
Payments on Notes Payable	**(18,537)**	(18,083)
Payments on Construction Loan Payable	**(38,869)**	-
Contributions	**204,678**	279,036
Distributions	**(14,808)**	(13,012)
Net Cash Provided by Financing Activities	**271,238**	297,941
Net Increase (Decrease) in Cash	**40,180**	(151,897)
Cash, Beginning of Year	**76,186**	228,083
Cash, End of Year	**$ 116,366**	$ 76,186
Supplemental Disclosure of Cash Flow Information		
Interest Expense Paid During the Year	**$ 117,627**	$ 31,616
Supplemental Disclosures of Non-Cash Financing Transactions		
Extinguishment of Debt Contribution	**$ 1,600,000**	$ -

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

Note 1. Background and General Data

Reconcile New Orleans, Inc. (RNO) is a not-for-profit organization with the mission to transform the lives of young adults and the community through the ministry of reconciliation. RNO was initially founded as LSF Foundation named Desire, Inc., incorporated on January 10, 1997 and changed to its current corporate name on October 21, 2002. RNO's Workforce Development Program provides on the job training in the hospitality industry, life skill instruction, and ongoing mentoring to connect alums to employment or other wrap around supports.

RNO operates through its wholly-owned subsidiaries:

- Reconcile New Orleans, Inc. operates a restaurant business and also houses most corporate functions, such as accounting, HR, marketing, and executive offices.
- Café Reconcile Catering, LLC (Catering) caters events of varying sizes throughout the metropolitan area.
- Café Reconcile Landlord, LLC (Landlord) leases land and property from RNO and subleases said property and land to Café Reconcile Tenant, LLC (Tenant), a related party.
- Reconcile New Orleans Investments, LLC (Investments) holds RNO's minority interest in Tenant of 0.01%.

In 2011, RNO, through Landlord, entered into an agreement with an unrelated third party with the primary purpose to develop, rehabilitate, own, maintain, and lease a commercial building owned by RNO and located at 1631 Oretha Castle Haley Blvd. (the Property) in New Orleans.

Pursuant to the Federal Historic Rehabilitation Tax Credit Agreement dated August 22, 2011 (Landlord Operating Agreement), RNO leases the property to Landlord, which executed a 32-year triple net lease with Tenant. Historic tax credits received by RNO or its subsidiaries are passed through to Tenant pursuant to section 50(d) of the Internal Revenue Code. In exchange a third-party investor and 99.99% owner of Tenant makes a capital commitment equivalent to 76.5% of the historic tax credits received. RNO is subject to indemnification clauses in the event of recapture, disallowance, recovery, forfeiture, or reclamation of the historic tax credits received.

Tenant operates the property and is responsible for the day-to-day operations. Any proceeds received from lease payments by Tenant are subject to sharing in accordance with ownership percentages. The tenant does not own the property or the improvements nor is it responsible for any mortgage payments under the lease agreement.

Note 1. Background and General Data (Continued)

Basis of Accounting

The consolidated and combined financial statements of RNO have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation

For the years ended December 31, 2018 and 2017, the consolidated and combined financial statements include RNO's wholly-owned subsidiaries, Café Reconcile Landlord, LLC, Café Reconcile Catering, LLC, and Reconcile New Orleans Investments, LLC. RNO has direct authority to determine the financial and operating functions for these entities. The assets, liabilities, revenue, and expenses of the individual subsidiaries are fully consolidated. All intercompany balances and transactions are eliminated at the consolidated and combined financial statement level.

Basis of Combination

RNO and Café Reconcile Tenant, LLC are under common management, as RNO’s Executive Director is also the managing member of Tenant. Tenant is required to make lease payments to Landlord, who is making lease payments to RNO. As the primary tenant of the property, RNO makes rent payments to Tenant. Consequently, the financial statements have been combined to present a complete presentation of the operations. At December 31, 2018 and 2017, there has been no net settlement of rent receivables or payables between the entities. All intercompany transactions have been eliminated and consist primarily of payments and balances related to the lease transactions.

Basis of Presentation

The accompanying consolidated and combined financial statements have been prepared to focus on RNO as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RNO and changes therein are classified and reported in two classes of net assets – without donor restrictions and with donor restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of RNO are included in this category.

Net Assets With Donor Restrictions - Net assets include gifts and contributions for which donor-imposed restrictions have not been met. Some income is reflected in net assets with donor restrictions until utilized for donor-imposed restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as a decrease in net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual reported amounts of revenues and expenses during the reporting period could differ from those estimates.

Cash

For the purposes of the statement of cash flows, RNO considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018.

Contributions

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions are considered available for RNO’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding accounts receivable and charges to expense any balances that are determined to be non-collectible or establishes an allowance for doubtful accounts. At December 31, 2018 and 2017, the allowance for doubtful accounts totaled $60,450 and $20,635, respectively.

Inventory

Inventory consists primarily of food and related food products. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Land, buildings, building improvements, furniture and fixtures, and equipment are recorded at cost or estimated cost. Donated items received are recorded at the fair value at time of receipt. RNO capitalizes all fixed asset acquisitions greater than $1,000 and over. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. Equipment purchased with grant funds that revert to the funding source are expensed at time of acquisition without consideration of cost. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized.

Buildings, building improvements, furniture and fixtures, and equipment are depreciated using the straight-line method and the following estimated useful lives:

Assets	Estimated Useful Lives
Buildings	20 Years
Building Improvements	15 Years
Furniture and Fixtures	5 Years
Equipment	5 Years
Other Assets	5 Years

Impairment of Long-Lived Assets

RNO reviews its long-lived assets, including property and equipment and other intangibles, for impairment when an event or change in facts and circumstances indicates that their carrying amount may not be recoverable, but at least annually. RNO determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. There were no such charges for impairment during the years ended December 31, 2018 and 2017.

Income Taxes

RNO is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. RNO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 2. Summary of Significant Accounting Policies (Continued)

Advertising Expense

RNO expenses advertising costs as incurred. Total advertising for the years ended December 31, 2018 and 2017, was $10,606 and $48,823 respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated and combined statements of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, cost of sales – food and beverage, contractual services and professional fees, meals – employee, utilities, marketing and public relations, operating supplies, insurance, building and equipment repairs, fees, dues and subscriptions, telephone, credit card fees, travel, equipment rental, volunteer expense, and other, which are allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. Management is utilizing a comprehensive approach to assess the impact of the guidance on each of its operating segments' revenue streams, including assessment of its performance obligations, principal versus agent considerations, and variable consideration. Additionally, management is evaluating the impact of the new guidance on disclosures, as well as the impact on controls to support the recognition. Based on the foregoing, at the current time management does not anticipate this standard will have a material impact on its consolidated and combined financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard also provides a number of practical expedients. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of the pending adoption of the new standard on its consolidated and combined financial statements, as well as the election of any available practical expedients and the manner of the modified retrospective transition approach.

Implementation of Accounting Pronouncement

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Management has implemented ASU 2016-14 and have adjusted the presentation in these consolidated and combined financial statements accordingly. The ASU has been applied retrospectively to all periods presented which did not affect net assets without donor restrictions or net asset with donor restrictions.

Note 3. Accounts Receivable

RNO has receivables from grants pledged, but not yet received. Grants receivable are primarily from pledges that have a time restriction attached to them. The amounts attributable to the different activities for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Grants Receivable	**$ 171,044**	$ 590,937
Trade Receivables	**9,369**	78,868
Total	**$ 180,413**	$ 669,805

Note 4. Concentration of Risk

The primary funding sources for RNO are restaurant and catering sales and grants. If the amount of funds received from sales and other funding sources falls below operating levels, RNO's operating results could be adversely affected.

RNO periodically maintains cash in bank accounts in excess of insured limits. There were none as of December 31, 2018 and 2017.

Note 5. Property and Equipment, Net

At December 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Land	**$ 264,402**	$ 267,427
Buildings and Improvements	**4,777,402**	4,774,595
Furniture and Fixtures	**473,310**	473,310
Equipment	**617,660**	537,454
Other Assets	**14,850**	14,850
	6,147,624	6,067,636
Less: Accumulated Depreciation	**(1,717,987)**	(1,520,338)
Total Property and Equipment, Net	**$ 4,429,637**	$ 4,547,298

Depreciation expense on depreciable assets was $197,650 and $276,514, for the years ended December 31, 2018 and 2017, respectively.

Note 6. Commitments and Contingencies

RNO is a recipient of grants which are governed by contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of RNO and subject to audit and/or review by the applicable funding source. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

RNO's historic tax credits are contingent on the ability of RNO to maintain compliance with the applicable sections of Internal Revenue Code Section 47. Failure to maintain compliance could result in recapture of previously taken credits plus interest. For the years ended December 31, 2018 and 2017, management believes it is in compliance with Section 47 of the Internal Revenue Code and the administrative directives, rules, and regulations of the federal and state regulatory agencies.

Note 6. Commitments and Contingencies (Continued)

RNO is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets, for which RNO carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Café Reconcile Landlord, LLC is the lessor of the fourth floor of an office building under an operating lease that expired in March 2019. Minimum future rentals to be received on the lease as of December 31, 2018 totaled $4,966 in 2019.

Note 7. Related Party Transactions

RNO currently owns the land on which the 1631 Oretha Castle Haley Boulevard building is located. Further, RNO has a master land lease agreement with Landlord expiring on December 31, 2044 for a minimum annual rent of $12,000.

Tenant

In a historic tax credit agreement dated November 8, 2011, Landlord, subject to the terms of the referenced agreement, was to file an election with respect to the building located at 1631 Oretha Castle Haley Boulevard to transfer the historic tax credit to Tenant pursuant to the provisions of Section 501(d) of the Internal Revenue Code.

In 2014, RNO elected a pass-through option to pass through federal tax credits to a related third party, Tenant's majority owner (Investor), for consideration of $690,375. Consideration is payable to Tenant in the form of equity contributions, ratably over a time period of five years, starting with the part three approval of the historic tax credit (Federal Historic Preservation) of the National Park Service and on the following anniversaries of the in service date of the property through a total of five payments.

Per its agreement with Investor, Investor has the option to put its interest in Tenant to the Tenant's manager at a price equal to 15% of its capital contribution starting January 1 after the 61st month following the in-service date.

Starting January 1 after the 72nd month following the in service date and continuing for a period of six months, the lessee's manager has the option to purchase Investor's share at a price equal to the higher of Investor's exit taxes for the sale of the property or the fair market value of Investor's share in the project, provided proper notification had been given at the onset of the put option period.

Note 7. Related Party Transactions (Continued)

Tenant (Continued)
On November 8, 2011, RNO executed a promissory note with Landlord in the amount of $765,828 to rehabilitate and construct a new addition located at 1631 Oretha Castle Haley Boulevard. The note is collateralized by the property. The note bears a 0% interest rate and the entire principal balance is payable in full at the earlier of December 31, 2041 or upon sale or refinance of the project.

Further, RNO, on November 8, 2011, executed a promissory note with a related party, Landlord, for the sum of $350,000 with interest at 2.5% for a period of time from closing to maturity. The terms of the loan call for monthly payments commencing on December 1, 2012, with the remaining balance due at maturity on December 1, 2042. At December 31, 2018 and 2017, the total amount of the loan commitment disbursed was $350,000. No payments were made on this loan as of December 31, 2018.

RNO entered into a lease agreement with Tenant, a related party by common ownership, to lease the building. The lease term commenced November 8, 2011 and extends for 32 years thereafter.

All amounts charged between the entities of the consolidated and combined financial statements were eliminated in consolidation.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are for the following purposes or periods.

	2018	2017
Subject to expenditure for specific purpose:		
Increasing mental health effectiveness	**$ 10,397**	$ -
Increasing employee retention and quality of life	**8,710**	-
	19,107	-
Subject to the passage of time:		
Available for general use	**-**	590,937
	-	590,937
	$ 19,107	$ 590,937

Note 9. Construction Loan Payable

RNO had a construction loan payable originated November 8, 2011 for $1,250,000 at 6.5% interest. As of December 31, 2018 and 2017, the balance due totaled $-0- and $676,864, respectively. This loan along with a separate line of credit with the same lender (see note 11) matured in 2018. In order to satisfy these debts, the lender made a contribution to RNO totaling $1,600,000 and RNO paid the lender $38,869 in 2018.

Note 10. Notes Payable

At December 31, 2018 and 2017, notes payable consisted of the following:

	2018	2017
On November 8, 2011, RNO executed a promissory note payable to Gulf Coast Housing Development, Inc. in the sum of $765,828 to bear an interest rate of 0% through maturity at December 31, 2041. The entire principal balance of the note is due and payable in full at the earlier of December 31, 2041 or upon sale or refinance of the loan.	**$ 765,828**	$ 765,828
Also, on November 8, 2011, RNO entered into a note payable with New Orleans Redevelopment Authority, a public entity, for $350,000 to pay costs and expenses associated with the rehabilitation of the building located at 1631 Oretha Castle Haley Boulevard with a stated interest rate of 2% per annum. The note matures on the earlier of the borrower's sale or refinance of the property or fifteen (15) years from the date of issuance of the building's temporary or permanent certificate of occupancy, not to exceed sixteen (16) years from the date of the loan agreement. Such payments shall commence one (1) year following issuance of a temporary or permanent certificate of occupancy. The loan is payable in monthly installments.	**307,199**	325,736
Total Notes Payable	**1,073,027**	1,091,564
Less: Current Portion of Notes Payable	**(18,321)**	(17,869)
Total Noncurrent Portion of Notes Payable	**$ 1,054,706**	$ 1,073,695

Note 10. Notes Payable (Continued)

Future scheduled maturities of notes payable are as follows:

Years Ending December 31,	Amount
2019	$ 18,321
2020	18,785
2021	19,260
2022	19,747
2023	20,246
Thereafter	976,668
Total	$ 1,073,027

The $350,000 note payable noted above is separated into two promissory notes: Promissory note A, totaling $305,462, of which the terms are explained above, and Promissory note B, totaling $44,538. Promissory note B states that RNO shall have no obligations to make any payment on the note if there is no default in any of the conditions agreed to. At the maturity date of this note, if all conditions are met, the $44,538 will be recognized as income.

Note 11. Lines of Credit

RNO had a $1,000,000 line of credit with an interest rate of 5.5%. The line had an interest rate of 5.5% and matured on August 2018. At December 31, 2018 and 2017, the balance due on this line of credit totaled $-0- and $962,005, respectively. RNO reached an agreement with the lender in 2018 to satisfy this balance. See Note 9 for the details of this contribution.

In 2017, RNO entered into a line of credit agreement totaling $100,000. The line matured on March 9, 2019, with an interest rate of 7.5% at December 31, 2018. The balance on this line of credit at December 31, 2018 and 2017, totaled $101,635 and $50,000, respectively. The line of credit was renewed subsequent to year end. See Note 14.

In 2018, RNO entered into a line of credit agreement totaling $150,000. The line matures on December 28, 2019 with an interest rate of 6.5% at December 31, 2018. The balance on this line of credit at December 31, 2018 totaled $87,139.

Note 12. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated and combined statement of financial position date, comprise the following:

Cash	$ 116,366
Grants Receivable	158,544
Trade Receivables	9,369
	$ 284,279

As part of its liquidity management plan, RNO invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Note 13. Operating Activities and Management Plans

As shown in the accompanying consolidated and combined financial statements, RNO incurred cash used in operating activities totaling $165,520 for the year ended December 31, 2018. At December 31, 2018, the working capital position of RNO was negative $69,108.

Management assessed these factors and the future of RNO and has worked to develop a strategic plan that alleviate these negative concerns. RNO has renewed its relationship with the Department of Children and Family Services through the SNAP E&T (employment and training) Program. This funding opportunity reimburses RNO for its core mission work with disconnected young people. RNO has invested in its fundraising efforts and this is continuing to improve. In 2019, RNO received signed grant agreements from two major funders totaling $1,900,000 to be received over a three year period. All accounting work was taken in house mid-2018, with the hiring of a full-time professional accounting staff. Professional fees were reduced as a result and more cost savings are being implemented with this new staff involved. RNO believes that the current circumstances and the actions taken by management will enable them to actively operate for the foreseeable future.

The consolidated and combined financial statements of RNO have been prepared using U.S. GAAP to a going concern which contemplates that RNO will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, no adjustments have been made to the consolidated and combined financial statements relating to the recoverability and classification of the assets or the settlement of amounts and classification of liabilities that might be necessary if RNO were to be unable to successfully implement the strategic plan.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated and combined financial statements were available to be issued May 22, 2019, and determined that the following events occurred that required disclosure:

On March 13, 2019, the $100,000 line of credit was renewed, and the maturity date was extended to March 13, 2020. This note was paid off on April 15, 2019.

No other subsequent events occurring after May 22, 2019 have been evaluated for inclusion in these consolidated and combined financial statements.

SUPPLEMENTARY INFORMATION

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES

Schedule I

Consolidating and Combining Statement of Financial Position
December 31, 2018

	Reconcile New Orleans, Inc.	Café Reconcile Catering, LLC	Café Reconcile Landlord, LLC	Café Reconcile Tenant, LLC	Eliminations	Consolidated and Combined
Assets						
Current Assets						
Cash	$ 83,604	$ 24,128	$ 385	$ 8,249	$ -	$ 116,366
Accounts Receivable, Net	180,413	-	-	-	-	180,413
Prepaid Expenses and Other Assets	26,578	-	-	-	-	26,578
Inventory	6,427	-	-	-	-	6,427
Due from Related Party	3,852,675	-	-	-	(3,852,675)	-
Total Current Assets	4,149,697	24,128	385	8,249	(3,852,675)	329,784
Property and Equipment, Net	344,817	-	2,934,162	1,150,658	-	4,429,637
Total Assets	$ 4,494,514	$ 24,128	$ 2,934,547	$ 1,158,907	$ (3,852,675)	$ 4,759,421
Liabilities and Net Assets						
Current Liabilities						
Lines of Credit	$ 188,774	$ -	$ -	$ -	$ -	$ 188,774
Accounts Payable	96,401	12,058	18,001	10,000	(1,021)	135,439
Deferred Revenue	10,000	-	-	-	-	10,000
Salaries, Taxes, and Withholdings Payable	24,713	-	-	-	-	24,713
Notes Payable - Current Portion	18,321	-	-	-	-	18,321
Accrued Interest Payable	21,645	-	-	-	-	21,645
Due to Related Party	-	672,576	1,555,327	860,901	(3,088,804)	-
Total Current Liabilities	359,854	684,634	1,573,328	870,901	(3,089,825)	398,892
Long-Term Liabilities						
Notes Payable	1,054,706	-	-	-	-	1,054,706
Total Long-Term Liabilities	1,054,706	-	-	-	-	1,054,706
Total Liabilities	1,414,560	684,634	1,573,328	870,901	(3,089,825)	1,453,598
Net Assets						
Without Donor Restrictions	3,060,847	(660,506)	1,361,219	288,006	(762,850)	3,286,716
With Donor Restrictions	19,107	-	-	-	-	19,107
Total Net Assets	3,079,954	(660,506)	1,361,219	288,006	(762,850)	3,305,823
Total Liabilities and Net Assets	$ 4,494,514	$ 24,128	$ 2,934,547	$ 1,158,907	$ (3,852,675)	$ 4,759,421

See independent auditor’s report

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES **Schedule II**
Consolidating and Combining Statement of Financial Position
December 31, 2017

	Reconcile New Orleans, Inc.	Café Reconcile Catering, LLC	Café Reconcile Landlord, LLC	Café Reconcile Tenant, LLC	Eliminations	Consolidated and Combined
Assets						
Current Assets						
Cash	$ 63,063	$ (1,547)	$ 315	$ 14,355	$ -	$ 76,186
Accounts Receivable, Net	628,747	5,825	-	35,233	-	669,805
Prepaid Expenses and Other Assets	26,264	(57)	-	-	-	26,207
Inventory	5,326	2,467	-	-	-	7,793
Due from Related Party	3,433,020	-	-	-	(3,433,020)	-
Total Current Assets	4,156,420	6,688	315	49,588	(3,433,020)	779,991
Property and Equipment, Net	286,967	6,200	3,025,414	1,228,717	-	4,547,298
Total Assets	$ 4,443,387	$ 12,888	$ 3,025,729	$ 1,278,305	$ (3,433,020)	$ 5,327,289
Liabilities and Net Assets						
Current Liabilities						
Lines of Credit	$ 1,012,005	$ -	$ -	$ -	$ -	$ 1,012,005
Accounts Payable	94,812	32,639	18,001	10,000	(1,021)	154,431
Salaries, Taxes, and Withholdings Payable	15,110	(2,801)	-	-	-	12,309
Notes Payable - Current Portion	17,869	-	-	-	-	17,869
Construction Loan Payable	-	-	676,864	-	-	676,864
Due to Related Party	-	647,958	854,867	1,127,805	(2,630,630)	-
Total Current Liabilities	1,139,796	677,796	1,549,732	1,137,805	(2,631,651)	1,873,478
Long-Term Liabilities						
Notes Payable	1,073,695	-	-	-	-	1,073,695
Total Long-Term Liabilities	1,073,695	-	-	-	-	1,073,695
Total Liabilities	2,213,491	677,796	1,549,732	1,137,805	(2,631,651)	2,947,173
Net Assets						
Without Donor Restrictions	1,638,959	(664,908)	1,475,997	140,500	(801,369)	1,789,179
With Donor Restrictions	590,937	-	-	-	-	590,937
Total Net Assets	2,229,896	(664,908)	1,475,997	140,500	(801,369)	2,380,116
Total Liabilities and Net Assets	$ 4,443,387	$ 12,888	$ 3,025,729	$ 1,278,305	$ (3,433,020)	$ 5,327,289

See independent auditor’s report

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidating and Combining Statement of Activities
For the Year Ended December 31, 2018

Schedule III

	Reconcile New Orleans, Inc.	Café Reconcile Catering, LLC	Café Reconcile Landlord, LLC	Café Reconcile Tenant, LLC	Eliminations	Consolidated and Combined
Support						
Grants	$ 402,638	$ -	$ -	$ -	$ -	$ 402,638
Total Support	402,638	-	-	-	-	402,638
Revenues and Gains						
Restaurant Sales	269,021	-	-	-	-	269,021
Catering Sales	5,113	225,383	-	-	-	230,496
Contributions and Donations	2,034,326	-	-	-	-	2,034,326
Fundraisers	55,465	-	-	-	-	55,465
Service Charges	-	32,478	-	-	-	32,478
Other	(20,207)	39,230	101	-	49,011	68,135
State Funding	270,135	-	-	-	-	270,135
Rental Income	22,602	73,169	71,500	127,113	(180,817)	113,567
Gain on Sale of Property and Equipment	14,451	-	-	-	-	14,451
Total Revenues and Gains	2,650,906	370,260	71,601	127,113	(131,806)	3,088,074
Total Support and Revenues	3,053,544	370,260	71,601	127,113	(131,806)	3,490,712
Expenses						
Program Expenses						
Workforce Development Program	1,423,167	-	-	-	-	1,423,167
Supporting Services						
Management and General	585,676	365,858	186,379	241,334	(242,182)	1,137,065
Fundraising	194,643	-	-	-	-	194,643
Total Expenses	2,203,486	365,858	186,379	241,334	(242,182)	2,754,875
Change in Net Assets	850,058	4,402	(114,778)	(114,221)	110,376	735,837
Net Assets, Beginning of Year	2,229,896	(664,908)	1,475,997	140,500	(801,369)	2,380,116
Contributions	-	-	-	276,535	(71,857)	204,678
Distributions	-	-	-	(14,808)	-	(14,808)
Net Assets, End of Year	$ 3,079,954	$ (660,506)	$ 1,361,219	$ 288,006	$ (762,850)	$ 3,305,823

See independent auditor’s report

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES **Schedule IV**
Consolidating and Combining Statement of Activities
For the Year Ended December 31, 2017

	Reconcile New Orleans, Inc.	Café Reconcile Catering, LLC	Café Reconcile Landlord, LLC	Café Reconcile Tenant, LLC	Eliminations	Consolidated and Combined
Support						
Grants	$ 306,500	$ -	$ -	$ -	$ -	$ 306,500
Total Support	306,500	-	-	-	-	306,500
Revenues and Gains						
Restaurant Sales	289,164	(373)	-	-	-	288,791
Catering Sales	5,852	405,259	-	-	-	411,111
Contributions and Donations	272,081	2,878	-	-	-	274,959
Fundraisers	26,844	139,943	-	-	-	166,787
Other	(278,525)	-	-	-	289,894	11,369
Rental Income	12,000	-	71,500	157,624	(211,328)	29,796
Gain on Sale of Property and Equipment	37,850	-	-	-	-	37,850
Total Revenues and Gains	365,266	547,707	71,500	157,624	78,566	1,220,663
Total Support and Revenues	671,766	547,707	71,500	157,624	78,566	1,527,163
Expenses						
Program Expenses						
Workforce Development Program	1,294,736	15,777	-	-	-	1,310,513
Supporting Services						
Management and General	606,942	818,229	135,760	214,296	(280,693)	1,494,534
Fundraising	157,871	-	-	-	-	157,871
Total Expenses	2,059,549	834,006	135,760	214,296	(280,693)	2,962,918
Change in Net Assets	(1,387,783)	(286,299)	(64,260)	(56,672)	359,259	(1,435,755)
Net Assets, Beginning of Year	3,617,679	(378,609)	1,540,257	(68,852)	(1,160,628)	3,549,847
Contributions	-	-	-	279,036	-	279,036
Distributions	-	-	-	(13,012)	-	(13,012)
Net Assets, End of Year	$ 2,229,896	$ (664,908)	$ 1,475,997	$ 140,500	$ (801,369)	$ 2,380,116

See independent auditor's report

Schedule of Compensation, Benefits, and other Payments to Agency Head
For the Year Ended December 31, 2018

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Gerald Duhon, Executive Director

Purpose	Amount
Salary	$110,006
Bonus	$0
Benefits - Insurance	$8,101
Benefits - Retirement	$0
Benefits - Other	$434
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

See independent auditor’s report

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

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*

Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc. and Subsidiaries
New Orleans, 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 consolidated and combined financial statements of Reconcile New Orleans, Inc. and Subsidiaries (the Organization) which comprise the consolidated and combined statement of financial position as of December 31, 2018, and the related consolidated and combined statements of activities and cash flows for the year then ended, and the related notes to the consolidated and combined financial statements, and have issued our report thereon dated May 22, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the consolidated and combined financial statements, we considered the Organization'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 opinions on the consolidated and combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
May 22, 2019

Part I - Summary of Auditor's Results

Financial Statements

1.	Type of auditors' report issued:		Unmodified
2.	Internal control over financial reporting:		
	a.	Material weaknesses identified?	No
	b.	Significant deficiencies identified?	None Reported
3.	Noncompliance material to the financial statements noted?		No

Federal Awards - Not applicable

Part II - Financial Statement Findings

None noted.