PROJECT CELEBRATION, INC.

ANNUAL FINANCIAL REPORT
JUNE 30, 2019

Project Celebration, Inc.
Annual Financial Report
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Project Celebration, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Project Celebration, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Celebration, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Project Celebration, Inc. adopted Accounting Standards Update No. 2016-14, *"Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities"* in the current year related to the presentation of financial statements. 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. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Project Celebration, Inc. taken as a whole. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, reflected on page 16, to supplement the financial statements and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires a Schedule of Expenditures of Federal Awards. These schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records, used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of Project Celebration, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Project Celebration, Inc.'s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report dated December 10, 2019 on the results of our state-wide agreed upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 10, 2019

FINANCIAL STATEMENTS

Project Celebration, Inc.
Statement of Financial Position
Year Ended June 30, 2019

Assets-	
Current Assets-	
Cash	$ 350
Revenue Receivable	259,820
Non-Current Assets-	
Property and Equipment, Net	880,907
Total Assets	$1,141,077
Liabilities-	
Current Liabilities-	
Cash Overdraft	$ 32,983
Accounts Payable and Accruals	67,915
Short-Term Note Payable	30,000
Payroll Liabilities	30,945
Current Portion of Long-Term Debt	207,913
Total Current Liabilities	$ 369,756
Non-Current Liabilities-	
Long-term Debt, Net of Current Portion	101,273
Total Liabilities	$ 471,029
Net Assets-	
Without Donor Restrictions	$ 670,048
Total Liabilities & Net Assets	$1,141,077

See independent auditor’s report and notes to the financial statements.

Project Celebration, Inc.
Statement of Activities
Year Ended June 30, 2019

REVENUES WITHOUT DONOR RESTRICTIONS:	
Support-	
Contributions	$ 70,140
Contract Services	68,971
Grants and Receipts from other Governments	1,299,362
Other	45,600
Total Revenues Without Donor Restrictions	$1,484,073
Expenses-	
Program Services	$1,017,071
Fundraising	5,236
Management and General	504,105
Total Expenses	$1,526,412
Decrease in Net Assets	$ (42,339)
Net Assets-Beginning of Year	712,387
Net Assets-End of Year	$ 670,048

See independent auditor’s report and notes to the financial statements.

Project Celebration, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Fundraising	Management and General	Total
EXPENSES:				
Client Expenses	$ 2,371	$ 0	$ 0	$ 2,371
Contract Services	24,136	0	0	24,136
Depreciation	0	0	26,840	26,840
Employee Benefits	0	0	22,594	22,594
Insurance	0	0	24,041	24,041
Interest Expense	0	0	30,264	30,264
Legal and Professional	0	0	18,071	18,071
Memberships and Dues	0	0	3,708	3,708
Material and Supplies	88,471	5,236	0	93,707
Office Expense	75	0	36,550	36,625
Payroll Taxes	0	0	72,581	72,581
Repairs and Maintenance	0	0	8,856	8,856
Rent	0	0	43,548	43,548
Salaries	855,562	0	139,042	994,604
Telephone	0	0	27,301	27,301
Travel & Training	46,456	0	0	46,456
Utilities	0	0	37,567	37,567
Workman's Compensation	0	0	9,369	9,369
Other	0	0	3,773	3,773
Total Expenses	$1,017,071	$5,236	$504,105	$1,526,412

See independent auditor's report and notes to the financial statements.

Project Celebration, Inc.
Statement of Cash Flows
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in Net Assets	$(42,339)
Adjustments to Reconcile Decreases in Net Assets to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	26,840
(Increase) Decrease in Accounts Receivable	28,792
Increase (Decrease) in Accounts Payable and Accruals	(12,099)
Net Cash Provided by Operating Activities	$ 1,194
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property & Equipment	$(55,994)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payments on Debt	$ (8,333)
Loan Proceeds	62,100
Net Cash Provided by Financing Activities	$ 53,767
Net Decrease in Cash	$ (1,033)
Cash at Beginning of Year	(31,600)
Cash at End of Year	$(32,633)
Interest paid during current year	$ 29,077

See independent auditor’s report and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Project Celebration, Inc.
Notes to Financial Statements
June 30, 2019

1. Organization:

   Project Celebration, Inc. (the "Organization") was incorporated as a non-profit organization on June 12, 1989, under the laws of the State of Louisiana. The Organization's purpose is to promote a chemical-free lifestyle for the youth of Sabine Parish and the surrounding area. Project Celebration operates a domestic violence shelter for women and children, a sexual assault center, a family resource center, a child's advocacy center, and provides behavioral health services. Through education, advocacy and collaboration of all available resources, the Organization's clients develop the highest capacity for safety, self-reliance, and personal well-being.

2. Summary of Significant Accounting Policies:

   The accounting and reporting policies of Project Celebration, Inc., conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

   The following is a summary of certain significant accounting policies and practices:

   A. Financial Statement Presentation – Project Celebration has adopted FASB Accounting Standard Update 2016-14 "*Not-for-Profit Organizations (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*". Under FASB ASU 2016-14, Project Celebration is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, Project Celebration is required to present a statement of cash flows.

   B. Basis of Accounting - Project Celebration uses the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred. Purchases of various operating supplies are recognized as expenses at the time purchased.

   C. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

   D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of Project Celebration. Assets are recorded at cost if purchased or at market value at time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years. The Organization maintains a threshold level of $500 or more for capitalizing capital assets. Accumulated depreciation was $239,889 at June 30, 2019.

Project Celebration, Inc.
Notes to Financial Statements
June 30, 2019

E. Income Taxes - Project Celebration is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization's Form 990, *Return of Organization Exempt from Income Tax,* for the years ending 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

F. Accumulated Leave - Employees may not carry forward vacation and/or sick time earned but not taken. Unused vacation and sick leave expires at the end of each fiscal year. Therefore, no accrual has been made for accumulated vacation or sick leave pay.

G. Cash and Equivalents - For the purpose of the statements of cash flows, Project Celebration considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

3. Cash and Cash Equivalents:

The cash and cash equivalents of Project Celebration, Inc. are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Organization will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Organization that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Organization's name.

At June 30, 2019, book balances of cash and cash equivalents totaled \$(32,633). Bank balances at June 30, 2019 totaled \$54,960, all of which is secured by FDIC Insurance.

4. Revenue Receivable:

At June 30, 2019, Project Celebration's receivables consisting of the following:

Other	$ 19,143
Grants and receipts from other governments	240,677
Total	$259,820

5. Cash Overdraft:

At June 30, 2019, Project Celebration had a cash overdraft of \$32,633 in the operating account. This is primarily due to the cost reimbursement and matching requirements of the grant funds. Project Celebration's grant receivables exceed the correct liabilities, including the cash overdraft.

Project Celebration, Inc.
Notes to Financial Statements
June 30, 2019

6. Fixed Assets:

The following is a summary of changes in fixed assets for Project Celebration for the period ended June 30, 2019:

	Balance 6-30-18	Additions	Deletions	Balance 6-30-19
Fixed Assets,				
Not Depreciated-				
Land	$ 68,000	$ 0	$0	$ 68,000
Construction-in-Progress	43,478	54,526	0	98,004
Fixed Assets,				
Depreciated-				
Buildings	874,996	0	0	874,996
Equipment & Furniture	52,217	1,468	0	53,685
Leasehold Improvements	26,111	0	0	26,111
Total Fixed Assets	$1,064,802	$ 55,994	$0	$1,120,796
Accumulated Depreciation	(213,049)	(26,840)	0	(239,889)
Total Fixed Assets, Net	$ 851,753	$ 29,154	$0	$ 880,907

Depreciation expense was $26,840 for the year ended June 30, 2019.

7. Accounts Payable and Accruals:

At June 30, 2019, Project Celebration's payables consisted of the following:

Vendors	$66,498
Salaries and benefits payable	30,945
Interest	1,417
Total	$98,860

8. Asset Liquidity:

Project Celebration regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenses over a 12-month period, Project Celebration considers all expenses related to its regular, recurring, and ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenses. Project Celebration anticipates revenues to be sufficient to meet its general expense needs.

Project Celebration does not consider assets including deposits and fixed assets to be available for general expense. Fixed assets cannot be liquidated due to donor and self-imposed restrictions.

Project Celebration, Inc.
Notes to Financial Statements
June 30, 2019

As of June 30, 2019, the following schedule identifies financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	$ (32,633)
Revenue Receivables	259,820
Fixed Assets, net of accumulated depreciation	880,907
Total financial assets, period end	$1,108,094
Less, those unavailable for general expenses within one year, due to:	
Fixed Assets, net of accumulated depreciation	880,907
Financial assets available to meet cash needs for general expenses within one year	$ 227,187

9. Economic Dependency:

Project Celebration receives the majority of its revenue from funds provided through federal and state grants administered by the State of Louisiana. The grants are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Organization receives could be reduced significantly, having an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

10. Long-Term Liabilities:

Sabine State Bank Note Payable:

On November 3, 2018, a promissory note was signed with Sabine State Bank for $89,538 at an annual interest rate of 5.75%. The note will be paid in monthly payments of $1,104 and mature on June 5, 2026. The promissory note is secured by the operations building and real estate. On December 20, 2018 the rate increased to 7.00%. At June 30, 2019, the outstanding balance on the promissory note was $77,303.

The future maturities of the note are as follows:

June 30	Principal	Interest	Total
2020	$ 8,091	$ 5,155	$13,246
2021	8,676	4,570	13,246
2022	9,303	3,943	13,246
2023	9,976	3,270	13,246
2024	10,697	2,549	13,246
Thereafter	30,560	2,723	33,283
Total	$77,303	$22,210	$99,513

Sabine State Bank Line of Credit:

On April 1, 2015, Project Celebration, Inc. signed a loan agreement with Sabine State Bank for a line of credit to assist in paying expenses. The Organization was issued a $150,000 line of credit by Sabine State Bank at an interest rate of 4.75% with monthly interest payments and a maturity date of March 25, 2016. A change in terms agreement was issued to renew the loan with 5% interest due monthly and to extend the maturity date to March 25, 2019. The line of credit is secured by all accounts receivable of all grants. On September 1, 2018 the limit on the line of credit was increased by $50,000 to a total of $200,000. On December 20, 2018, the interest rate increased to 7.00%. During the year ended June 30, 2019, there were no draws taken on the line of credit and principal payments of $278 were made on the line of credit. The principal balance was $199,822 on June 30, 2019.

11. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

12. Short-Term Debt:

Related Party Loan:

On November 30, 2018, a loan agreement was signed with Cheryl Wooley, Board President, for $30,000 for a period of two weeks. The loan was to cover payroll expenses in November 2018. No interest will be paid as no one will profit from this loan. The loan was to be repaid by December 14, 2018, or as soon as the needed grant funds are deposited. No repayment has been made. The balance at June 30, 2019 was $30,000.

Bank of Montgomery Line of Credit:

On March 28, 2019, a promissory note was signed with Bank of Montgomery for $32,500 at an annual interest rate of 9.50%. The note serves as a line of credit to assist in paying expenses. The note will be repaid at maturity on September 28, 2019. The promissory note is secured by the operations building and real estate. At June 30, 2019, the outstanding balance on the promissory note was $32,061.

13. Contributions:

Project Celebration, Inc. has adopted FASB Accounting Standard Update 2016-14 "*Not-for-Profit Organizations (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*". Contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor imposed restrictions. All contributions received in the current year were without donor restrictions.

14. Shelter Rental:

During the previous year, Project Celebration, Inc. expanded the coverage of the Domestic Violence Program, which included an established shelter. The Board agreed to a rent of $3,000/month until another facility could be located or constructed. For the year ending June 30, 2019, a total of $43,548 was charged to rental expense.

15. New Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers* as a new Topic, Accounting Standards Codification *Topic 606.* The ASU is intended to provide a more robust framework for addressing revenue issues, improving comparability of revenue recognition practices and improve disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU No. 2014-09 by one year. This ASU is effective for annual reporting periods beginning after December 13, 2019, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. Project Celebration is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

In March 2016, the FASB issued ASU No. 2016-02, *Leases*. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2019, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. Project Celebration is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

In August 2016, the FASB issue ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about liquidity and availability of resources, expenses and investment return, and cash flows. ASU No. 2016-14 is effective for annual reporting periods beginning after December 15, 2018, and shall be applied retrospectively. Early adoption is permitted. Project Celebration, Inc. has implemented 2016-14 as of July 1, 2018. The net effect is a reclassification of net assets among classes, but total net assets remains the same.

16. Pending Litigation:

Project Celebration, Inc. has no legal action pending at June 30, 2019.

17. Subsequent Events:

Management has evaluated events through December 10, 2019, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

Project Celebration, Inc.
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Agency Head Name: Mitzi Harris, Executive Director

Purpose	Amount
Salary	$ 94,800
Benefits – Insurance	7,554
Benefits – Retirement	0
Benefits – SS/Medicare	6,979
Car Allowance	0
Cell Phone	2,100
Dues	0
Vehicle Rental	0
Per Diem	214
Reimbursements	0
Travel	2,743
Housing	0
Unvouchered Expenses	0
Special Meals	116
Other	0
Total	$114,506

OTHER REPORTS

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

To the Board of Directors of
Project Celebration, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Project Celebration, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Project Celebration, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 10, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Project Celebration, Inc.

Report on Compliance for Each Major Federal Program

We have audited Project Celebration, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Project Celebration, Inc.'s major federal programs for the year ended June 30, 2019. Project Celebration, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Project Celebration, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Project Celebration, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Project Celebration's compliance.

Opinion on Each Major Federal Program

In our opinion, Project Celebration, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Project Celebration, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Project Celebration, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Project Celebration, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 10, 2019

Project Celebration, Inc.
Schedule of Audit Results
June 30, 2019

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of Project Celebration, Inc. as of and for the year ended June 30, 2019.

2. The audit disclosed no material weaknesses in internal control.

3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

4. The audit disclosed no instances of material weaknesses in internal control over major programs.

5. An unmodified opinion was issued on compliance for major programs.

6. The audit disclosed no instances of noncompliance related to federal awards that are required to be reported under the Uniform Guidance.

7. The following programs were major for the year ended June 30, 2019:

    - Health and Human Services – Promoting Safe and Stable Families (CFDA #93.556)

8. $750,000 was the threshold used to distinguish Type A from Type B programs.

9. Project Celebration, Inc. does qualify as a low risk auditee.

Project Celebration, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State Contract Pass-through Number	Federal Disbursements/ Expenditures
U. S. Department of Health and Human Services			
Promoting Safe and Stable Families	93.556		$ 274,076
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		532,417
U.S. Department of Justice			
Sexual Assault Services Formula Program	16.017		50,226
Crime Victim Assistance	16.575		290,302
Violence Against Women Formula Grants	16.588		49,181
Total			$1,196,202

See independent auditor’s report.

Project Celebration, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Project Celebration, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Project Celebration, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors of
Project Celebration, Inc.

We have performed the procedures enumerated below, which were agreed to by Project Celebration, Inc. (a nonprofit organization) 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, 2018 through June 30, 2019. The Commission 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:

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

   - ***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.

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

   - ***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.)

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

- ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- ***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).

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

- ***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.

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

- ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

  a) *Procedure Results – We noted one exception. There is no policy for disaster recovery/business continuity.*

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:

   - Observed 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.

   - Observed 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. *Alternatively, 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.*

   - For governmental entities, obtained the prior year audit report and observed 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, observed 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.

   a) Procedure Results – We noted no exceptions.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:

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

   - 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

   - 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.

     a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).

5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:

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

   - 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.

   - 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.

   - 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.

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

6. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the deposits selected and:

   - We observed that receipts ae sequentially pre-numbered.

- We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- We traced the deposit slip total to the actual deposit per the bank statement.

- We observed 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).

- We traced the actual deposit per the bank statement to the general ledger.

  a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

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

7. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).

8. For each location selected under #8 above, we obtained 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 we observed that job duties are properly segregated such that:

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

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

- 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.

- 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.

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

- We observed that the disbursement matched the related original invoice/billing statement.

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

  a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

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

10. We obtained 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. We obtained management's representation that the listing is complete.

11. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:

   - We observed 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.

   - We observed that finance charges and late fees were not assessed on the selected statements.

12. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

   a) *Procedure Results – EXCEPTIONS NOTED: Finance charges were assessed on four of the five credit card statements reviewed. There was no evidence that the monthly statement on one card was reviewed and approved, in writing, by someone other than the authorized card holder. We also noted that receipts were missing for three card transactions.*

Travel and Expense Reimbursement

13. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

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

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

   - We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.

   - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

      a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Contracts

14. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:

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

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

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

- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

    a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Payroll and Personnel

15. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

16. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:

    - We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

    - We observed that supervisors approved the attendance and leave of the selected employees/officials.

    - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

17. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

18. We obtained 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.

    a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Ethics

19. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:

    - We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    a) *Procedure Results – Ethics requirements are not applicable to nonprofit organizations.*

Debt Service (excluding nonprofits)

20. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

21. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

    a) *Procedure Results – Debt Service requirements are not applicable to nonprofit organizations.*

Other

22. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    a) *Procedure Results – We noted no exceptions, management represented that they are not aware of any misappropriations.*

23. We observed whether 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.

    a) *Procedure Results – We noted no exceptions.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 10, 2019

Project Celebration, Inc.
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: Exception – There is no policy for disaster recovery/business continuity.

Response – Management will institute policies which address functions in accordance with best practices.

Item 12: Exception – Finance charges were assessed on credit card balances; no evidence of written approval on monthly statement for one card; missing receipts on three card transactions.

Response – At the current time, we are experiencing a cash deficit due to grants provided after expenses are paid. Therefore, we have been unable to pay our credit card balances in full. We are striving to develop methods to increase cash flows.