

URBAN LEAGUE OF LOUISIANA, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the financial position of **the League** 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of **the League** as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana
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Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Also, the accompanying Schedules II and III are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019 on our consideration of **the League'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the League's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2019



URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS

Assets:	
Cash and cash equivalents (NOTE 1)	\$ 455,268
Short-term investments	3,444
Due from funding agencies (NOTE 15)	602,290
Prepaid expenses and other assets	21,819
Promises to give (NOTE 14)	242,619
Land, building and equipment, net (NOTES 1 and 3)	7,466,240
Endowment fund (NOTES 10 and 19)	<u>39,727</u>
Total assets	\$ <u>8,831,407</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Current portion of long-term debt (NOTE 4)	\$ 90,514
Accounts payable	190,326
Accrued liabilities	74,345
Revolving lines of credit (NOTE 5)	113,970
Long-term debt, net (NOTE 4)	<u>1,471,574</u>
Total liabilities	<u>1,940,729</u>
Net assets (NOTE 1):	
Without donor restrictions	5,985,494
With donor restrictions (NOTE 10)	<u>905,184</u>
Total net assets	<u>6,890,678</u>
Total liabilities and net assets	\$ <u>8,831,407</u>

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND PUBLIC SUPPORT</u>			
Revenues and public support:			
Federal grants (NOTE 12)	\$ 900,637	\$ -	\$ 900,637
State and local grants	1,668,591	-	1,668,591
United Way funding (NOTE 14)	2,957	59,412	62,369
Board-generated self support	526,981	-	526,981
Client-generated self support	1,435,492	806,045	2,241,537
Interest income	3,545	-	3,545
Other revenue	331,819	-	331,819
In-kind contributions	395,674	-	395,674
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions (NOTE 9)	112,251	(112,251)	-
Total revenues and public support	<u>5,377,947</u>	<u>753,206</u>	<u>6,131,153</u>
<u>EXPENSES</u>			
Program services:			
Economic development	1,965,995	-	1,965,995
Education and social justice	2,055,992	-	2,055,992
Total program services	<u>4,021,987</u>	<u>-</u>	<u>4,021,987</u>
Support services:			
Management and general	1,875,287	-	1,875,287
Resource development	341,170	-	341,170
Total support services	<u>2,216,457</u>	<u>-</u>	<u>2,216,457</u>
Total expenses	<u>6,238,444</u>	<u>-</u>	<u>6,238,444</u>
Realized gain on investments	-	1,250	1,250
Changes in net assets	(860,497)	754,456	(106,041)
Net assets, beginning of year	<u>6,845,991</u>	<u>150,728</u>	<u>6,996,719</u>
Net assets, end of year	<u>\$ 5,985,494</u>	<u>\$ 905,184</u>	<u>\$ 6,890,678</u>

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>SUPPORT SERVICES</u>				<u>PROGRAM SERVICES</u>		
	<u>Agency Total</u>	<u>Total Support Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Total Program Services</u>	<u>Economic Development</u>	<u>Education and Social Justice</u>
<u>EXPENSES</u>							
Compensation expenses	\$ 3,663,681	\$ 890,616	\$ 887,505	\$ 3,111	\$ 2,773,065	\$ 1,551,001	\$ 1,222,064
Occupancy expenses	420,078	228,284	228,284	-	191,794	82,143	109,651
Professional fees and contracts	340,377	108,502	82,707	25,795	231,875	98,181	133,694
Food	92,629	3,931	3,180	751	88,698	21,435	67,263
Travel and transportation	99,975	31,431	27,148	4,283	68,544	29,553	38,991
Gala expenses	117,752	117,752	-	117,752	-	-	-
Special Event Expenses	19,661	6,096	6,096	-	13,565	13,510	55
Supplies	143,353	9,839	9,544	295	133,514	64,817	68,697
Equipment rental	48,839	13,645	13,645	-	35,194	18,714	16,480
Printing and copying	55,750	5,660	5,660	-	50,090	3,638	46,452
In-kind costs	395,674	169,200	-	169,200	226,474	-	226,474
Other direct program expenses	379,089	169,915	166,982	2,933	209,174	83,003	126,171
Bad debt	17,050	17,050	-	17,050	-	-	-
Interest	118,986	118,986	118,986	-	-	-	-
Depreciation	<u>325,550</u>	<u>325,550</u>	<u>325,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenses	 <u>\$ 6,238,444</u>	 <u>\$ 2,216,457</u>	 <u>\$ 1,875,287</u>	 <u>\$ 341,170</u>	 <u>\$ 4,021,987</u>	 <u>\$ 1,965,995</u>	 <u>\$ 2,055,992</u>

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:

Changes in net assets	\$ (106,041)
Adjustment to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	325,550
Realized gain on investments	(1,250)
Changes in assets and liabilities:	
Prepaid expenses	111,125
Promises to give	(130,019)
Due from funding agencies	(110,278)
Accounts payable	40,004
Accrued liabilities	<u>3,241</u>
Net cash provided by operating activities	<u>132,332</u>

Cash Flows from Investing Activities:

Acquisition of building improvements and equipment	<u>(25,156)</u>
Net cash used in investing activities	<u>(25,156)</u>

Cash Flows from Financing Activities:

Proceeds from long-term debt/line of credit	41,500
Principal payments on long-term debt and line of credit	<u>(155,045)</u>
Net cash used in financing activities	<u>(113,545)</u>

Net decrease in cash and cash equivalents (6,369)

Cash and cash equivalents - beginning of year 461,637

Cash and cash equivalents - end of year \$ 455,268

Supplemental Disclosures:

Interest paid \$ 118,986

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - **NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Activities

The **Urban League of Louisiana, Inc. (the League)** provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

Basis of Accounting

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

Basis of Presentation

The League follows the accounting procedures and practices for not-for-profit organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on “Not-for-Profit Organizations”, which constitutes accounting principles generally accepted in the United States of America.

Effective January 1, 2018, **the League** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **the League** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **the League** are included in this category
- Net assets with donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **the League** are included in this category.

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services

Donated materials and supplies, which are utilized in several of the League's programs, are recorded at their estimated fair value when received.

Donated services provided by volunteers, which require specialized skills and are provided by individuals possessing those skills, are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of FASB ASC 958-605 are not recognized in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the consolidated financial statements. Accordingly, actual results could differ from those estimates.

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to **the League's** various functions. Expenses requiring allocation include service provided by **the League's** management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Federal Income Taxes

The League is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Service (IRS) Code and is not a private foundation.

The League files as a tax exempt organization. Should that status be challenged in the future, **the League's** 2016, 2017 and 2018 tax years are open for examination by the IRS.

Allowance for Bad Debt

The League uses the allowance method to provide for uncollectible accounts. At June 30, 2019, there was no allowance. Uncollectible amounts have been historically insignificant.

Land, Building and Equipment

Land, building and equipment purchased or acquired are recorded at cost. **The League's** policy is to capitalize all purchases of buildings and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of assets as follows:

Building and improvements	27.5 years
Equipment and vehicles	5-7 years

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at face value, net of the allowance for loan losses. Interest earned on loans is credited to operations monthly based on the principal amount outstanding and the terms of the loan.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

The allowance for loan losses is established through a provision for loan losses charged to expense. Management's judgment in determining the adequacy of the allowance is based on evaluations of the collectibility of the loans. These evaluations take into considerations such factors as changes in the nature and value of the loan portfolio, current economic conditions that may affect the borrower's ability to pay, and overall portfolio quality.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, **the League** considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 2 - ECONOMIC DEPENDENCY:

A significant source of revenue for **the League** is Federal, state and local grants provided through various funding agencies. The continued success of **the League** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources. At the time of completion of the audit of **the League's** consolidated financial statements, management was not aware of any actions taken that would adversely affect the amount of funds **the League** will receive in the next fiscal year.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - LAND, BUILDING AND EQUIPMENT:

As of June 30, 2019, the League held the following fixed assets:

Non-depreciable assets:	
Land (contributed)	\$ 1,105,500
Total non-depreciable assets	<u>1,105,500</u>
Depreciable assets:	
Building and building improvements/funds	7,906,613
Vehicles	50,965
Furniture and equipment	311,689
Total depreciable assets	<u>8,269,267</u>
Less: accumulated depreciation	<u>1,908,527</u>
Total depreciable assets, net	<u>6,360,740</u>
Total land, building and equipment, net	<u>\$ 7,466,240</u>

Depreciation expense for the year ended June 30, 2019 amounted to \$325,550.

At June 30, 2019, building and building improvements included funds received under grants from U.S. Department of Health and Human Services and U.S. Department of Housing and Urban Development with book values of \$2,330,145. Under the terms of the grant agreements, the assets, or any proceeds from their sales, revert to the funding source if they cease to be used for the assigned programs.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG-TERM DEBT:

A summary of long-term debt as of June 30, 2019 is as follows:

Adjustable interest rate of 7.50 percent (minimum) two (2) year, \$85,500 loan payable to a bank with quarterly principal and interest payments of \$7,500, maturing on June 4, 2021:	\$ 85,500
Adjustable daily floor interest rate of 4.50 percent and a ceiling interest rate of 6.50 percent on a ten (10) year, two (2) million note payable to a bank with monthly principal and interest payments of \$13,500, based upon a twenty-five (25) year amortization with a balloon payment due at maturity.	<u>1,476,588</u>
Total long-term debt	1,562,088
Less: Current maturities	<u>(90,514)</u>
Total long-term debt, net	<u>\$ 1,471,574</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG-TERM DEBT, CONTINUED:

Scheduled principal repayments on the long-term debts are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 90,514
2021	135,580
2022	77,440
2023	82,627
Thereafter	<u>1,175,927</u>
	<u>\$ 1,562,088</u>

NOTE 5 - REVOLVING LINES OF CREDIT:

At June 30, 2019, **the League** has 4.5 percent revolving lines of credit payable to two (2) banks due on demand with an aggregate unpaid balance of \$ 113,970. The lines of credit are secured by real estate with zero balances of available capacities.

NOTE 6 - PENSION PLAN:

The League sponsors a defined contribution pension plan. Under the plan, **the League** matches up to five (5) percent of the employee's contributions to the plan. Matching contribution expenses during the year ended June 30, 2019 were \$60,383.

NOTE 7 - OPERATING LEASE AGREEMENTS:

The League leases various items of equipment at its main office and space at four (4) locations for its programs and administrative offices and various other program services. The lease of space is renewed annually. Lease expenses consisted of the following for the year ended June 30, 2019:

Program service – Space	\$ <u>53,550</u>
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NOTE 8 - COMMITMENTS:

The League leased equipment under operating leases expiring in various years through 2024. Future scheduled minimum lease payments are as follows:

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - COMMITMENTS: CONTINUED

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 24,870
2021	131,124
2022	21,519
2023 and thereafter	<u>10,593</u>
Total minimum future rental payments	\$ <u>188,106</u>

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the year ended June 30, 2019 by incurring expenses satisfying the purpose and time restrictions as follows:

	<u>Amount</u>
Educational activities - general - United Way	\$ 82,600
Georges Enterprise	5,000
Others	<u>24,651</u>
Total	\$ <u>112,251</u>

NOTE 10 - DONOR RESTRICTED NET ASSETS:

As of June 30, 2019, donor restricted net assets consist of the following:

Capital One Bank's Getting Down to Business	\$ 29,793
City of New Orleans (Cure Violence Program)	247,727
Amnesty International USA	1,533
New Orleans Business Alliance- STRIVE	160,311
W.K. Kellogg	94,939
Aspen Institute	33,940
Baptist Community Ministries	18,381
Huey and Angelina Wilson Foundation	56,770
Walton Family Foundation, Inc.	150,265
New Venture Fund	12,386
United Way of SELA	59,412
Richard West Freeman Foundation	<u>39,727</u>
Total	\$ <u>905,184</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects **the League's** financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted amounts that are available for use within one year for general purposes include cash and accounts receivable.

Financial assets at year end	\$ 1,303,126
Less those unavailable for general expenses within one year due to donor-restriction for service projects	<u>(905,184)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 397,942</u>

As part of **the League's** liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In the event of financial distress or an unanticipated liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities, **the League** also could also make a request of the Board to change the designation for either a portion or all of its restricted fund to meet the immediate liquidity need.

NOTE 12 - GRANTS FROM GOVERNMENTAL AGENCIES:

The League has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse **the League** based upon **the League's** allowable costs to provide the services to program beneficiaries.

Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - GRANTS FROM GOVERNMENTAL AGENCIES, CONTINUED:

final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlement.

Federal grant activities at June 30, 2019 are summarized as follows:

Grant Receipts:	
Direct Awards	\$ 140,345
Pass-throughs	760,292
Total receipts	<u>\$ 900,637</u>
Grant Expenditures:	
Non-capital	900,637
Total expenditures	<u>\$ 900,637</u>

NOTE 13 - RISK MANAGEMENT:

The League is exposed to various risks of loss related to torts and theft of, damage to and destruction of assets, for which the League 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.

NOTE 14 - PROMISES TO GIVE:

As of June 30 2019, promises to give represent support from private companies and individuals related to the capital campaign and other restricted purposes totaling \$242,618. The amounts are deemed collectible and available from the following sources in less than one (1) year:

Private companies and individuals	\$ 183,207
United Way Services funding for the next fiscal year	59,412
Total	<u>\$ 242,619</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - DUE FROM FUNDING AGENCIES:

As of June 30, 2019, due from funding agencies consisted of the following:

Private Sources:	
National Urban League	\$ 9,456
Other Private Companies	306,187
State of Louisiana	22,400
Local Governmental Entities	31,994
Federal Sources:	
U.S. Small Business Administration	96,019
U.S. Department of Education	133,155
U.S. Department of Agriculture	<u>3,079</u>
Total due from funding agencies	<u>\$ 602,290</u>

Receivables from various funding agencies are stated at the amount management expects to collect from outstanding balances for grants awarded and/or services performed under various contracts during the 2019 fiscal year. All amounts are considered collectible. **The League** does not assess finance charges on receivables due. There were no bad debts for the 2019 fiscal year.

NOTE 16 - CONCENTRATION OF CREDIT RISK:

The League maintains cash balances at three (3) financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 on interest bearing accounts and non-interest bearing accounts. **The League** has cash balances on deposit with one (1) of the institutions at June 30, 2019 that exceeded the balances insured by the FDIC in the amounts of \$177,430.

The League also maintains an account with a stock brokerage firm. The account contains primarily money market funds. Balances are insured up to \$500,000 with a limit of \$100,000 for cash by the Securities Investor Protection Corporation.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - SUBSEQUENT EVENTS:

The League is required to evaluate events or transactions that may occur after the statements of financial position date for potential recognition or disclosure in the consolidated financial statements. **The League** performed such an evaluation through December 27, 2019, the date which the consolidated financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statements of financial position date requiring recognition or disclosure.

NOTE 18 - BOARD COMPENSATION:

The Board of Directors of **the League** is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2019.

NOTE 19 - FAIR VALUE MEASUREMENTS:

In accordance with FASB ASC 820, fair value is defined as the price that **the League** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the League's** assets or liabilities. The inputs are summarized in the three broad levels listed below.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - FAIR VALUE MEASUREMENTS, CONTINUED:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The League’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the valuation of the League’s investments measured at fair value by the FASB ASC 820 fair value hierarchy levels as of June 30, 2019.

	<u>Fair Value</u>	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 2)
Endowment fund	\$ <u>39,727</u>	\$ <u>39,727</u>

NOTE 20 - FINANCIAL INSTRUMENTS:

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The League’s significant financial instruments are cash and cash equivalents, short-term investment, note receivable, endowment fund, designated fund, revolving lines of credit and long term debt. For these financial instruments, carrying values approximate fair value.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

The estimated fair values of the League's financial instruments as of June 30, 2019 are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 455,268	\$ 455,268
Short-term investment	3,444	3,444
Endowment fund	39,727	39,727
Revolving lines of credit	113,970	113,970
Long-term debt	1,562,088	1,562,088

NOTE 21 - Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 205): An Amendment of the FASB Accounting Standards Codification, which clarifies the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective on a retrospective basis for annual reporting periods beginning after December 15, 2017, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. The League does not expect the new guidance to have a material impact on the League's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Income Statement – Extraordinary and Unusual Items*, which eliminates the concept of extraordinary items. Entities will no longer be required or permitted to present any items of gain or loss as extraordinary. The ASU also eliminates the need for intra-period tax allocation as these items are no longer presented separately below income from operations. This standard is effective for fiscal years, beginning after December 15, 2016. An early adoption is permitted and is not expected to have a significant impact on the League's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The ASU amendments include changes related to how certain equity investments are measured, how changes are recognized in the fair value of certain financial liabilities measured under the fair value option, and how financial assets and liabilities are disclosed on the League's consolidated financial statements.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 21 - Recent Accounting Pronouncements: Continued

Additionally, the ASU will also require entities to present financial assets and financial liabilities separately, grouped by measurement category and form of financial asset in the statement of financial condition or in the accompanying notes to the financial statements. Entities will also no longer have to disclose the methods and significant assumptions for financial instruments measured at amortized cost, but will be required to measure such instruments under the “exit price” notion for disclosure purposes. The ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The League** does not expect the new guidance to have a material impact on **the League’s** consolidated financial statements.

In February 2017, the FASB issued ASU 2017-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right

to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2019. **The League** does not expect the new guidance to have a material impact on **the League’s** consolidated financial statements.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this Update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

SUPPLEMENTARY INFORMATION

Bruno & Tervalon LLP
Certified Public Accountants

URBAN LEAGUE OF LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT/ CONTRACT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through State of Louisiana, Department of Education: Child and Adult Care Food Program	27-041	10.558	\$ <u>59,247</u>
Total U.S. Department of Agriculture			\$ <u>59,247</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through State of Louisiana, Department of Education: Twenty First Century Community Learning Center	CFMS 677740	84.287	<u>71,155</u>
Total U.S. Department of Education			<u>71,155</u>
U.S. SMALL BUSINESS ADMINISTRATION			
Direct Award: Women Business Ownership Program	SBAHQ-11-W0040	59.043	<u>140,345</u>
Total U.S. Small Business Administration			<u>140,345</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Total Community Action: Early Head Start (Parent Child Center)	06CH0473	93.600	<u>502,711</u>
Total U.S. Department of Health and Human Services			<u>502,711</u>

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT/ CONTRACT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF LABOR			
Passed-through National Urban League:			
Urban Youth Empowerment Program	FOA-ETA15-04	17.270	\$ 80,983
Training to Work	PE-27380-15-60-A36	17.270	<u>46,196</u>
Total U.S. Department of Labor			<u>127,179</u>

Total Expenditures of Federal Awards \$ 900,637

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, "Audit of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in the schedule may differ from accounts presented in or used in the preparation of the basic consolidated financial statements.

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

	SUPPORT SERVICES				PROGRAM SERVICES			
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
REVENUES								
Federal grants	\$ 900,637	\$ -	\$ -	\$ -	\$ -	\$ 900,637	\$ 267,524	\$ 633,113
State, local and other grants	1,668,591	-	225,867	225,867	-	1,442,724	1,270,724	172,000
Board generated self-support	526,981	-	482,086	-	482,086	44,895	34,650	10,245
Client generated self-support	2,241,537	-	23,824	14,706	9,118	2,217,713	846,884	1,370,829
Interest Income	3,545	-	3,545	3,545	-	-	-	-
Realized gain on investment	1,250	-	1,250	1,250	-	-	-	-
Other revenue	334,776	186,267	138,331	134,959	3,372	10,178	10,178	-
In-kind contributions	<u>395,674</u>	<u>-</u>	<u>169,200</u>	<u>-</u>	<u>169,200</u>	<u>226,474</u>	<u>-</u>	<u>226,474</u>
Total self-generated revenue	<u>6,072,991</u>	<u>186,267</u>	<u>1,044,103</u>	<u>380,327</u>	<u>663,776</u>	<u>4,842,621</u>	<u>2,429,960</u>	<u>2,412,661</u>
United Way funding for next year	<u>59,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,412</u>	<u>-</u>	<u>59,412</u>
Grand total revenue	<u>6,132,403</u>	<u>186,267</u>	<u>1,044,103</u>	<u>380,327</u>	<u>663,776</u>	<u>4,902,033</u>	<u>2,429,960</u>	<u>2,472,073</u>

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	SUPPORT SERVICES				PROGRAM SERVICES			
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
EXPENSES								
Compensation expenses	\$3,663,681	\$ -	\$ 890,616	\$ 887,506	\$ 3,110	\$ 2,773,065	\$ 1,551,001	\$ 1,222,064
Occupancy expenses	420,078	-	228,284	228,284	-	191,794	82,143	109,651
Professional fees and contracts	340,377	-	108,503	82,708	25,795	231,874	98,181	133,693
Food	92,629	-	3,931	3,180	751	88,698	21,435	67,263
Travel and transportation	99,975	-	31,430	27,147	4,283	68,545	29,554	38,991
Special Event expenses	19,661	-	6,096	6,096	-	13,565	13,510	55
Gala expenses	117,752	-	117,752	-	117,752	-	-	-
Supplies	143,353	-	9,839	9,544	295	133,514	64,817	68,697
Equipment rental	48,839	-	13,645	13,645	-	35,194	18,714	16,480
Printing and copying	55,750	-	5,660	5,660	-	50,090	3,638	46,452
In-kind costs	395,674	-	169,200	-	169,200	226,474	-	226,474
Other direct program expenses	379,089	-	169,915	166,982	2,933	209,174	83,002	126,172
Bad debt	17,050	-	17,050	-	17,050	-	-	-
Interest and Loan Amortization	118,986	96,796	22,190	22,190	-	-	-	-
Total expenses before depreciation	<u>5,912,894</u>	<u>96,796</u>	<u>1,794,111</u>	<u>1,452,942</u>	<u>341,169</u>	<u>4,021,987</u>	<u>1,965,995</u>	<u>2,055,992</u>
Net Difference	<u>\$ 219,509</u>	<u>\$ 89,471</u>	<u>\$ (750,008)</u>	<u>\$ (1,072,615)</u>	<u>\$ 322,607</u>	<u>\$ 880,046</u>	<u>\$ 463,965</u>	<u>\$ 416,081</u>
Depreciation	<u>\$ 325,550</u>	<u>\$ 288,862</u>	<u>\$ 36,688</u>	<u>\$ -</u>	<u>\$ 36,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Direct Expenses						4,021,987	1,965,995	2,055,992
Percent of Total Program Expenses						100%	49%	51%
Distribution of Support Services								
Expenses						<u>1,794,111</u>	<u>879,114</u>	<u>914,997</u>
Grand Total Program Expenses						<u>\$ 5,816,098</u>	<u>\$ 2,845,109</u>	<u>\$ 2,970,989</u>

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019

Chief Executive Officer Name: Mrs. Judy Reese Morse

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 126,065
Benefits – insurance	13,021
Benefits – retirement	344
Car allowance	2,800
Travel – local	2,430
Registration fees and conference travel	6,498
Special meals – meetings	514
Total	<u>\$ 151,672</u>

See the Independent Auditors' Report on Supplementary Information.



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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA
(Retired)
Michael B. Ino, CPA (2011)

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

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

We have audited, 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, the consolidated financial statements of the **Urban League of Louisiana, Inc. and Subsidiary (the League)** (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

The League's Response to Findings

The League's response to the findings identified in our audit is described in the accompanying schedule of findings. The League's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

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 League'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 League's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2019



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(Retired)
Michael B. Bruno, CPA (2011)

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

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Program

We have audited the **Urban League of Louisiana, Inc.'s and Subsidiary (the League'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 the **League's** major federal programs for the year ended June 30, 2019. The **League's** major federal programs are identified in the summary of auditors' results section of the accompanying summary schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the **League'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 of America; 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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
CONTINUED

Auditors' Responsibility, Continued

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 could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the League'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 program. However, our audit does not provide a legal determination of **the League's** compliance.

Opinion on Each Major Federal Program

In our opinion, **the League** 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 **the League** 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, we considered **the League'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 **the League's** internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
CONTINUED

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2019

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted?

yes no

Management letter comments

yes no

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Independent Auditors' Results, Continued

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR Section
200.516(a)

yes no

Identification of major programs:

CFDA Number

93.600

Name of Federal Program

Early Head Start
(Parent Child Center)

Dollar threshold used to distinguish
between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

yes no

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section II - FINANCIAL STATEMENT FINDINGS

There were no significant deficiencies, material weaknesses and no instances of non-compliance that were require to be reported in accordance with *Government Auditing Standards*.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no significant deficiencies, material weaknesses and no instances of non-compliance that were require to be reported in accordance with *Government Auditing Standards*.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Condition

We noted during our audit the League's 2018 year-end reporting process was not completed until January 2019. Thus, the League's June 30, 2018 financial statements were prepared and finalized nearly six (6) months after the June 30 2018 year end. Final adjustments to the 2018 financial statements were made in January 2019.

In addition, the June 30, 2018 audited financial statements were not submitted to Legislative Auditor by the statutory due date of December 31, 2018.

Recommendation

We recommend that management establishes a well-defined reporting process. The process and its key attributes (e.g. overall timing, format and frequency of analyses) are formally documented, approved and reviewed on a regular basis. We believe once this well-defined process is established, following and monitored for its effectiveness, reliable and timely financial statements will be prepared for the use of management and the Board.

Current Status

No reoccurrence in current year

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT

None reported in prior year

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
EXIT CONFERENCE**

The audit report was discussed during the course of the audit and at an exit conference held with the League. The individuals who participated in those discussions were as follows:

URBAN LEAGUE OF LOUISIANA INC. AND SUBSIDIARY

Mr. Victor G. Robinson, CPA	Chairman of Audit Committee
Mrs. Judy Reese Morse	President and Chief Executive Officer
Ms. Shawne B. Favre, CPA	Vice President of Finance and Operations

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Joseph A. Akanji, CPA	Engagement Partner
Mr. Atikuér Bhuyan	Engagement Staff
Ms. Monique McGary	Engagement Staff

URBAN LEAGUE OF LOUISIANA
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Aicide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

 (Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Management and the Board of Directors of
URBAN LEAGUE OF LOUISIANA

We have performed the procedures enumerated below, which were agreed to by **URBAN LEAGUE OF LOUISIANA (ULLA)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs) for the year ended June 30, 2019 ("fiscal period"). ULLA's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
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(CONTINUED)**

PROCEDURES AND FINDINGS

Our procedures and findings related to the statewide agreed-upon procedures are as follows:

Written Policies and Procedures

1. We obtained ULLA's written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

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

No exceptions were noted.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- k) 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.

No Exceptions:

No exceptions were noted on (1) identification of critical data and frequency of data backups, (2) use of antivirus software on all systems, and (3) identification of personnel, processes, and tools needed to recover operations after a critical event.

Noted Exceptions:

We noted no evidence of policies and procedures addressing the following functions:

- **Storage of backups in a separate physical location isolated from the network;**
- **Periodic testing/verification that backups can be restored; and**
- **Timely application of all available system and software patches/updates.**

**INDEPENDENT ACCOUNTANTS' REPORT
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Management's Response:

Urban League of Louisiana contracts with external IT firms to provide IT services. Through service agreements, these firms are contracted to back-up our servers via cloud based software, provide support of periodic testing. As of June 30, 2019 we were contracted with Major Solutions and Services, LLC, who provided cloud based backups, testing of backups and application of software patches and updates. Currently, through our Disaster Recovery Plan with ThinkIT, daily backups are done through Bare Metal Recovery for Cloud Backup. This service agreement includes regular testing and verification of backups. Software patches and updates are performed by ThinkIT within a reasonable time following the release of the patches and updates.

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the Board/Finance Committee minutes for the fiscal period to determine whether:
 - a) The Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

- b) The Board minutes referenced or included monthly budget-to-actual comparisons on ULLA's funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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

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(CONTINUED)**

The following sections of the Agreed Upon Procedures were tested in previous years, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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 also asked management to identify the entity's main operating account. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

The following sections of the Agreed Upon Procedures were in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

4. From the listing provided by management, we selected the entity's main operating account and randomly select 4 additional accounts¹ (or all accounts if less than 5), then randomly selected one month (selected October 2018) from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observed that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have

¹ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

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exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

Cash Collections

5. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete, then we randomly selected 5 deposit sites (or all deposit sites if less than 5)

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6. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers;

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

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

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have

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exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

8. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #4 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)². *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

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

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

² If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

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

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Disbursements – General (excluding credit card purchases or payments)

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

No exceptions were noted.

10. For each location selected under #11 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions were noted.

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

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No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

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

No exceptions were noted.

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

No exceptions were noted.

Credit Cards

- 12. 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. Obtain management's representation that the listing is complete.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have

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exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

13. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement (October 2017) or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Up on Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Up on Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

14. Using the monthly statements selected under #13 above, we obtained supporting documentation for all transactions for each of the two cards selected. We reviewed each transaction to determine whether the transaction is supported by:

- a) An original itemized receipt that identifies precisely what was purchased

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Up on Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Travel and Expense Reimbursement

20. We obtained from a 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.

No exceptions were noted.

21. We randomly selected 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected we determined:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

Contracts

23. We obtained 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 and obtained the general ledger for the period June 1, 2017 through June 30, 2017 and filtered for contract payments. We obtained management's representation that the general ledger population is complete.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

24. Using the listing above, we randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law³ (e.g., solicited quotes or bids, advertised), if required by law.

The following sections of the Agreed Upon Procedures were tested last in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Payroll and Personnel

25. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have

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exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

26. We randomly selected one pay period (10/15/2017) during the fiscal period. For the 5 employees/officials selected under #25 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

- b) Observed that supervisors approved the attendance and leave of the selected employees/officials.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

- c) Observed that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3.”

27. 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. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations, agree the hours to the

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employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Ethics (as requested by the Board of Directors)

28. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above⁴, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

- b) Observe 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.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Debt Service (as requested by the Board of Directors)

⁴ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

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

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

30. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The following sections of the Agreed Upon Procedures were tested in previous years resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories from testing in Year 3."

Other

31. We inquired of management whether ULLA had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether ULLA reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

No exceptions were noted.

32. We observed ULLA's premises and website to determine whether ULLA posted the notice required by R.S. 24:523.1.

No exceptions were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion or conclusion on management's assertions, respectively, on those

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control and compliance 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 control and compliance 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP
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CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2019