

The Extra Mile Region VI, Inc.

Pineville, Louisiana

June 30, 2017

The Extra Mile Region VI, Inc.

June 30, 2017

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Directors
The Extra Mile Region VI, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Extra Mile Region VI, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JUNEAD, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNK, C.P.A.
REBECCA G. NATION, C.P.A.
EVELYN T. RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors
The Extra Mile Region VI, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Extra Mile Region VI, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, on our consideration of The Extra Mile Region VI, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Extra Mile Region VI, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

October 17, 2017

**The Extra Mile Region VI, Inc.
Statement of Financial Position
June 30, 2017**

Exhibit A

Assets		
Current Assets		
Cash and cash equivalents	\$	283,474
Grants receivable		99,471
Prepaid expenses		<u>6,014</u>
Total Current Assets		388,959
Investments		413,647
Furniture and Equipment - Net of Depreciation		15,203
Other Assets		<u>19,200</u>
Total Assets	\$	<u>837,009</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$	6,268
Accrued liabilities		16,818
Deposits held on behalf of others		<u>23,289</u>
Total Current Liabilities		46,375
Net Assets		
Unrestricted-undesignated		790,434
Temporarily restricted		<u>200</u>
Total Net Assets		<u>790,634</u>
Total Liabilities and Net Assets	\$	<u>837,009</u>

The accompanying notes are an integral part of the financial statements.

The Extra Mile Region VI, Inc.
Statement of Activities
Year Ended June 30, 2017

Exhibit B

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains (Losses), and Other Support			
Government grants	\$ -	\$ 706,745	\$ 706,745
Noncash support	56,750	-	56,750
Administrative reimbursement	35,925	-	35,925
Donations	-	967	967
Interest and dividends	13,005	-	13,005
Miscellaneous	9,252	-	9,252
Realized and unrealized gains (losses) on investments	20,482	-	20,482
Net assets released from restrictions	707,712	(707,712)	-
Total Revenues, Gains (Losses), and Other Support	<u>843,126</u>	<u>-</u>	<u>843,126</u>
Expenses			
Program Services			
Adult Flex Program	103,218	-	103,218
Child Flex Program	14,960	-	14,960
Drop-In Centers Program	98,284	-	98,284
EDS Program	5,317	-	5,317
The Extra Mile Program	50,647	-	50,647
Clothes Closet/Food Pantry Program	3,827	-	3,827
Consumer Employment Program	12,120	-	12,120
Maternal Child Health Program	68,090	-	68,090
OMH Consumer Liaison	22,212	-	22,212
SSBG Employment Development Program	70,884	-	70,884
CLSH Gambling Prevention	99,168	-	99,168
Louisiana Partnership for Success	41,916	-	41,916
OMH Spring Workshop	5,890	-	5,890
CLSH Library Stipend	1,794	-	1,794
CLSH Kids Matter 2	17,018	-	17,018
Support Services			
General and administrative	171,512	-	171,512
Total Expenses	<u>786,857</u>	<u>-</u>	<u>786,857</u>
Change in Net Assets	56,269	-	56,269
Net Assets, Beginning of Year	<u>734,165</u>	<u>200</u>	<u>734,365</u>
Net Assets, End of Year	<u>\$ 790,434</u>	<u>\$ 200</u>	<u>\$ 790,634</u>

The accompanying notes are an integral part of the financial statements.

**The Extra Mile Region VI, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017**

**Exhibit C
(Continued)**

	<u>Adult Flex Program</u>	<u>Child Flex Program</u>	<u>Drop-In Centers Program</u>	<u>EDS Program</u>	<u>The Extra Mile Program</u>	<u>Clothes Closet/ Food Pantry Program</u>	<u>Consumer Employment Program</u>	<u>Maternal Child Health Program</u>
Personal services	\$ 37,596	\$ 2,678	\$ 48,776	\$ 3,821	\$ 44,590	\$ 3,300	\$ 3,952	\$ -
Related benefits	4,867	360	5,467	435	6,057	527	585	-
Travel	-	-	-	-	-	-	-	2,115
Operating services	60,755	11,922	26,089	-	-	-	7,583	731
Supplies	-	-	17,952	1,061	-	-	-	348
Professional	-	-	-	-	-	-	-	64,896
Depreciation	-	-	-	-	-	-	-	-
Totals	<u>\$ 103,218</u>	<u>\$ 14,960</u>	<u>\$ 98,284</u>	<u>\$ 5,317</u>	<u>\$ 50,647</u>	<u>\$ 3,827</u>	<u>\$ 12,120</u>	<u>\$ 68,090</u>

The accompanying notes are an integral part of the financial statements.

**The Extra Mile Region VI, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017**

Exhibit C
(Concluded)

	OMH Consumer Liaison	SSBG Employment Development Program	CLSH Gambling Prevention	Louisiana Partnership for Success	OMH Spring Workshop	CLSH Library Stipend	CLSH Kids Matter 2	General and Administrative	Total
Personal services	\$ 14,916	\$ 50,143	\$ 71,894	\$ 35,990	\$ -	\$ -	\$ -	\$ 54,434	\$ 372,090
Related benefits	1,823	6,210	7,420	3,792	-	-	-	7,671	45,214
Travel	538	478	4,660	658	-	-	-	-	8,449
Operating services	2,514	6,653	12,070	734	5,890	1,794	-	87,951	224,686
Supplies	2,421	7,400	3,124	742	-	-	-	-	33,048
Professional	-	-	-	-	-	-	17,018	13,265	95,179
Depreciation	-	-	-	-	-	-	-	8,191	8,191
Totals	\$ 22,212	\$ 70,884	\$ 99,168	\$ 41,916	\$ 5,890	\$ 1,794	\$ 17,018	\$ 171,512	\$ 786,857

The accompanying notes are an integral part of the financial statements.

The Extra Mile Region VI, Inc.
Statement of Cash Flows
Year Ended June 30, 2017

Exhibit D

Cash Flows from Operating Activities

Change in net assets	\$ 56,269
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,191
Realized and unrealized (gains) losses on investments	(20,482)
Changes in operating assets and liabilities:	
Grants receivable	19,622
Prepaid expenses	261
Accounts payable	6,268
Accrued liabilities	(16,576)
Deposits held on behalf of others	(2,120)
Net Cash Provided by Operating Activities	51,433

Cash Flows from Investing Activities

Reinvested earnings on investments	(13,003)
Withdrawals of principal from investments	899
Purchase of furniture and equipment	(995)
Net Cash Used in Investing Activities	(13,099)

Cash Flows from Financing Activities

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Net Increase in Cash and Cash Equivalents	38,334
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Cash and Cash Equivalents, Beginning of Year	245,140
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Cash and Cash Equivalents, End of Year	\$ 283,474
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Additional Required Disclosures:

1. Management considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No interest was paid during the year.
3. There were no income taxes paid during the year.
4. There were no material noncash investing or financing transactions during the year.

The accompanying notes are an integral part of the financial statements.

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Extra Mile Region VI, Inc. is a nonprofit corporation formed to enhance and enrich the environment for clients served by the Louisiana Department of Health and Hospitals through public education, volunteer recruitment, program development, and fundraising.

The Extra Mile Region VI, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. In addition, the Organization has been determined not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

The accompanying financial statements of The Extra Mile Region VI, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America. The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Prepaid Expenses

Prepaid expenses consist of general liability insurance payments that cover periods beyond June 30, 2017.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their fair value in the statement of financial position. Unrealized gains and losses on investments are reported in the statement of activities as decreases or increases in the respective net asset classes.

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

Furniture and Equipment

Furniture and equipment are stated at cost, or if donated, at the approximate fair market value, if material and reasonably determinable, at the time of donation. The Extra Mile Region VI, Inc. capitalizes long-lived assets with values of \$500 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5-7 years
Vehicles	5 years

Furniture and equipment reflected in the financial statements includes capital assets purchased for use in the various programs administered by The Extra Mile Region VI, Inc. from the respective program's funds as budgeted in the program agreements. In the event that a program terminates, title to those assets may revert to the funding source.

The cost of maintenance and repairs is charged to expense as incurred; however, significant maintenance and repairs that improve or extend the useful lives of the respective assets are capitalized at cost.

Compensated Absences

Annual leave is earned by qualified full-time employees at rates that vary from twelve to eighteen work days per year, depending on the length of service. Part-time employees who are regularly scheduled to work between thirty to thirty-nine hours per week are eligible for paid annual leave as well; however, benefits are reduced to seventy-five percent of full-time employee benefits.

Employees may accrue at any time up to a maximum of one hundred ninety-two hours of annual leave. Accrued liabilities reported in the accompanying financial statements includes \$11,411 in liabilities and expenses related to compensate absences accrued by qualified employees at year end. Full-time employees may also accrue up to one hundred ninety-two hours of sick leave, but they are not paid for unused sick leave upon termination of employment. Therefore, no liability is reflected in the accompanying financial statements for accrued sick leave.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor 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.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. The Extra Mile Region VI, Inc. pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various fundraising activities.

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

Use of Facilities

Central Louisiana State Hospital provides office facilities and utilities to operate The Extra Mile Region VI, Inc. administrative offices, the Common Ground Drop-In Center, and the Clothes Closet/Food Pantry. In exchange, The Extra Mile Region VI, Inc. operates the Central Louisiana State Hospital patient library which is located in The Extra Mile Region VI, Inc.'s office building. The fair value of the use of facilities and utilities was \$56,750 and has been included in the statement of activities as noncash support.

Use of Estimates

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

Income Taxes

The most significant tax position of The Extra Mile Region VI, Inc. is its assertion that it is exempt from income taxes. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. With few exceptions, The Extra Mile Region VI, Inc. is no longer subject to U.S. federal tax examinations for the years ending prior to June 30, 2014.

Functional Allocation of Expenses

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

Subsequent Events

Management has evaluated subsequent events through October 17, 2017, the date which the financial statements were available for issue. Management's evaluation revealed no subsequent events that require disclosure.

2. Cash and Cash Equivalents

Non-interest bearing checking accounts	\$ 262,296
Interest bearing money market account	<u>21,178</u>
	\$ 283,474

As provided under the FDIC, interest bearing and non-interest bearing deposit accounts are insured up to \$250,000. Uninsured cash balances in The Extra Mile Region VI, Inc.'s demand deposit accounts at June 30, 2017, amounted to \$29,886.

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

3. Grants Receivable

Louisiana Clinical Services	\$	67,421
Central Louisiana Human Services District		25,340
State of Louisiana Department of Health and Hospitals		6,710
	\$	99,471

In the opinion of management, the grants receivable balance of \$99,471 is considered fully collectible; therefore, no allowance for uncollectibles at June 30, 2017, has been included in the financial statements.

4. Investments

The Extra Mile Region VI, Inc. is required to disclose estimated fair value for all financial instruments and non-financial instruments measured at fair value on a recurring basis. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining the fair value, generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. When available, The Extra Mile Region VI, Inc. uses Level 1 as their valuation approach. This hierarchy consists of three broad levels as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments include funds held in a brokerage account. The fund names, costs, fair values, and carrying values are as follows:

Description	Cost	Fair Value Measurement at Reporting Date Using			
		06/30/17	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Capital Income Builder Fund	\$ 162,654	\$ 188,397	\$ 188,397	\$ -	\$ -
Income Fund of America, Inc.	164,666	205,973	205,973	-	-
Target Global DVD Leaders	18,185	19,277	19,277	-	-
	\$ 345,505	\$ 413,647	\$ 413,647	\$ -	\$ -

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

5. Furniture and Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Vehicles	\$ 48,083	\$ 45,675	\$ 2,408
Furniture and equipment	31,296	18,501	12,795
	<u>\$ 79,379</u>	<u>\$ 64,176</u>	<u>\$ 15,203</u>

The depreciation provision for the year ended June 30, 2017, amounted to \$8,191.

6. Other Assets

Other assets consist of approximately 3.2 acres of land donated to The Extra Mile Region VI, Inc. in a prior year by a dissolving nonprofit corporation. The land is located in Rapides Parish, Louisiana and is reported at \$19,200, its estimated fair value at the date of donation in accordance with accounting principles generally accepted in the United States of America. There were no restrictions imposed on the gift by the donor.

7. Accrued Liabilities

Accrued liabilities consist of salaries and compensated absences earned as of the year end but not yet paid.

8. Deposits Held on Behalf of Others

Deposits held on behalf of others represent cash held by The Extra Mile Region VI, Inc. for the use of groups and organizations for special projects and client events. These funds are held in an agency capacity and are not available for use by The Extra Mile Region VI, Inc.

9. Leases

Facilities

The Organization provides part of its program services in leased facilities located in Alexandria and Jonesville, Louisiana. The facilities are leased from two unrelated third parties under month-to-month operating leases. The Extra Mile Region VI, Inc. made rental payments, consisting solely of minimum rentals, amounting to \$16,200 for the year ended June 30, 2017.

Copier Machines

On October 23, 2015, The Extra Mile Region VI, Inc. entered into a 60 month operating lease for a copier machine, which required monthly lease payments of \$158 with the first payment due on November 23, 2015. In November of 2016, the monthly lease payments increased to \$164 with the final payment due on October 23, 2021. Lease payments for the year under this agreement totaled \$1,869.

The Extra Mile Region VI, Inc.
June 30, 2017

Notes to Financial Statements

Future minimum lease payments under this lease as of June 30, 2017, are as follows:

<u>June 30 ,</u>	<u>Amount</u>
2018	\$ 1,968
2019	1,968
2020	1,968
2021	656

10. Concentrations

Revenues and Significant Funding Source

The Extra Mile Region VI, Inc. receives the majority of its revenues from funds provided through contracts administered by the State of Louisiana, Department of Health and Hospitals, Central Louisiana Human Services District, and Louisiana Clinical Services. The amount of funds received is appropriated each year by the government. If significant budget cuts are made, the amount of the funds that The Extra Mile Region VI, Inc. receives could be reduced significantly, resulting in an adverse impact on its operations. Management is not aware of any actions that would adversely affect the amount of funds the Organization will receive in the next year.

Concentrations of Credit Risk

Investments include securities that are traded on national stock exchanges and are subject to fluctuations in value. Investments in marketable securities held in The Extra Mile Region VI, Inc.'s brokerage accounts are insured up to \$500,000, including a \$250,000 limit for cash, by Securities Investor Protection Corporation (SIPC). SIPC covers investors in the event that the brokerage firm becomes insolvent or liquidates. SIPC works to replace securities or cash lost due to theft or destruction. This insurance does not protect The Extra Mile Region VI, Inc. from losses on investments resulting from market and economic conditions.

11. Compensation to Board of Directors

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any members.

12. Retirement Plan

The Extra Mile Region VI, Inc. has a defined contribution plan covering eligible employees. The plan, funded through a group annuity contract issued by Mutual of America Life Insurance Company, qualifies as a SIMPLE IRA plan under Section 408(p) of the Internal Revenue Code. Participating employee contributions are matched by the employer up to three percent (3%) of the employee's annual salary. Retirement contribution expense for the year ended June 30, 2017, totaled \$5,434.

**The Extra Mile Region VI, Inc.
June 30, 2017**

Notes to Financial Statements

13. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017, consisted of endowment funds totaling \$200.

14. Net Assets Released From Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants. There were no permanently restricted net assets at June 30, 2017.

Supplementary Information

**The Extra Mile Region VI, Inc.
 Schedule of Compensation, Benefits, and Other Payments
 to the Agency Head or Chief Executive Officer**

Schedule 1

Agency Head Name: Herbie L. Flynn

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,377
Benefits-insurance (health and life)	-
Benefits-retirement	1,943
Benefits-other	-
Sam's Club dues	50
Vehicle provided by government	-
Per diem	-
Reimbursements (cell phone)	600
Travel	527
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses*	-
Special meals	-

*an example of an unvouchered expense would be a travel advance

See independent auditor's report.

**Other Reports Required by
*Government Auditing Standards***

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
The Extra Mile Region VI, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Extra Mile Region VI, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

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

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

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





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors
The Extra Mile Region VI, Inc.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

October 17, 2017

**The Extra Mile Region VI, Inc.
 Schedule of Findings and Responses
 Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Management's Corrective Action Plan None

Management's Summary Schedule of Prior Audit Findings None

Memorandum of Other Comments and Recommendations None issued

Federal Awards Not applicable

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

The Extra Mile Region VI, Inc.
Statewide Agreed-Upon Procedures Report

Pineville, Louisiana

June 30, 2017

The Extra Mile Region VI, Inc.

June 30, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of
The Extra Mile Region VI, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by The Extra Mile Region VI, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1. Procedure: Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:
a) Budgeting, including preparing, adopting, monitoring, and amending the budget
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.
c) Disbursements, including processing, reviewing, and approving
d) Receipts, including receiving, recording, and preparing deposits
e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
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





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

Results: The Entity does not have formal written policies and procedures for budgeting, purchasing, disbursements, receipts, payroll/personnel, or contracting. Also, the written policies and procedures for travel and expense reimbursement do not address dollar thresholds by category of expense requirements. For management's response, see Finding 2017-001 in Management's Responses.

Board (or Finance Committee, if applicable)

2. **Procedure:** Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing 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.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether 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.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The Entity provided us with a copy of the board minutes for the year ended June 30, 2017, and we reviewed the minutes and determined that:

- a) The Board met at least quarterly, which is in accordance with the by-laws of the Entity.
- b) The minutes did not reference or include budget-to-actual comparisons of any financial information. For management's response, see Finding 2017-002 in Management's Responses.
- c) The minutes referenced non-budgetary financial information in the July 2016, October 2016, January 2017, and April 2017 minutes.



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Bank Reconciliations

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

Results: The Entity provided us with a list of bank accounts for the year ended June 30, 2017, and their representation that the listing is complete.

4. Procedure: Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected all of the Entity's bank accounts from the list provided by management, and management provided us with the bank statements and reconciliations for all months in the fiscal period July 1, 2016 through June 30, 2017. We reviewed the bank statements and reconciliations and determined that:

- a) Bank reconciliations were prepared for all bank accounts for all months in the fiscal period July 1, 2016 through June 30, 2017.
- b) Bank reconciliations for all bank accounts for each month in the fiscal period July 1, 2016 through June 30, 2017, included evidence that the executive director and/or board treasurer had reviewed and signed each reconciliation.



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- c) The following reconciling item was outstanding for more than 6 months as of the end of the fiscal period, and management had no documentation of research performed over the reconciling item:

<u>Check Number</u>	<u>Date</u>	<u>Amount</u>
11679	10/12/2016	\$ 38.68

For management's response, see Finding 2017-003 in Management's Responses.

Collections

5. **Procedure:** Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: The Entity provided us with a list of collection locations for the year ended June 30, 2017, and their representation that the listing is complete.

6. **Procedure:** Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) **Procedure:** Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) **Procedure:** Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:



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- Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results:

- a) The Entity provided a copy of the insurance policy, policy manual, and job descriptions for personnel at the collection location. We reviewed these documents and determined that:
 - 1) The commercial insurance policy for coverage period 06/28/2016 through 06/28/2017 does not include a theft provision, indicating that the person responsible for collecting cash is not bonded. For management's response, see Finding 2017-004 in Management's Responses.
 - 2) The executive director is responsible for collecting cash, and the bookkeeper is responsible for recording cash collections in the general ledger, reconciling and balancing the related accounts, and depositing collections in the bank. The board treasurer reviews and approves the bank reconciliations as a compensating control.
 - 3) The sharing of the cash register/drawer requirement listed in number three above is not applicable, since the Entity does not use a cash register or drawer as part of its collection procedures.
- b) The Entity does not have written policies for collection procedures. Therefore, there is no formal process to reconcile cash collections to the general ledger or subsidiary ledgers. For management's response, see Finding 2017-001 in Management's Responses.
- c) The prescribed testing methodology as explained above was not performed for the following reason: The Extra Mile Region VI, Inc. primarily receives check payments through the mail and auto deposits into their bank accounts from the various government agencies. On average, only ten or fewer payments are received per month. For this reason, we selected the highest (dollar) month of collections from the Entity's monthly recap of receipts, which was the month of July 2016, and examined all six collections from that month. The following observations were noted:



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- Two of the 6 collections were deposited within one day of collection. The following 2 collections were not stamped with the date collected; therefore, we were unable to determine the number of days between receipt to deposit: check # 4545348 - State of Louisiana Department of Treasury and check # 237092 - First Giving. The following collection was deposited 7 days after collection: check # 4543226 from State of Louisiana Department of Treasury. For management's response, see Finding 2017-005 in Management's Responses.
- All 6 collections examined were completely supported by documentation.

7. Procedure: Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The Entity does not have formal written policies and procedures for determining the completeness of all collections for each revenue source. For management's response, see Finding 2017-001 in Management's Responses.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Procedure: Obtain a listing of Entity disbursements from management or, alternately, obtain the general ledger and sort/filter for Entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: The Entity provided us with the check register for the year ended June 30, 2017, which lists all check disbursements for the fiscal period. We sorted the general ledger in order to obtain a listing of all EFT disbursements. Management confirmed that both listings were complete.

9. Procedure: Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:



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- a) As applicable, purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) As applicable, purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) As applicable, payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: We randomly selected 25 disbursements from the list of disbursements described in #8 above, and management provided us with the following applicable supporting documentation: purchase requisition forms, invoices, and scanned copies of checks. We examined the supporting documentation and determined that:

- a) For 17 out of the 25 selected disbursements, purchases were initiated using a purchase order/requisition system. This requirement was not applicable to the other 8 disbursements selected, since the purchases were for regular monthly bills that do not require a purchase order/requisition.
- b) For 17 out of the 25 selected disbursements, purchase orders/requisitions were approved by a person who did not initiate the purchase. This requirement was not applicable to the other 8 disbursements selected, since the purchases were for regular monthly bills that do not require a purchase order/requisition.
- c) For 17 out of the 25 selected disbursements, payments for purchases were not processed without an approved requisition and/or purchase order and an approved invoice. This requirement was not applicable to the other 8 disbursements selected, since the purchases were for regular monthly bills that do not require a purchase order/requisition.

10. Procedure: Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Entity's purchasing/disbursement system.

Results: The Entity does not have formal written policies and procedures for purchasing disbursements. For management's response, see Finding 2017-001 in Management's Responses.

11. Procedure: Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.



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Results: The Entity does not have formal written policies and procedures for purchasing disbursements. For management's response, see Finding 2017-001 in Management's Responses.

- 12. Procedure:** Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Inquiries of management as well as observation of the locked location where unused checks and blank check stock are kept indicated that the unused checks and blank check stock are accessible to the executive director, who also has signatory authority. The executive director also has system access to print checks. For management's response, see Finding 2017-006 in Management's Responses.

- 13. Procedure:** If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: The Entity does not use a signature stamp or signature machine. Inquires of management indicated that signed checks are maintained under the control of the signer until they are mailed.

Travel and Expense Reimbursement

- 14. Procedure:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: The Entity provided us with a listing of all travel and related expense reimbursements, by person, for the year ended June 30, 2017, and their representation that the listing is complete.

- 15. Procedure:** Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We compared the amounts stipulated in the Entity's written policies for travel and expense reimbursements to the GSA per diem and mileage rates and determined that none of the amounts exceeded the GSA rates.



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16. Procedure: Using the listing or general ledger from #14 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the GSA rates (#15 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the Entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: From the list of travel expenses obtained in procedure #14, we selected the 3 persons who incurred the most travel expenses for the year ended June 30, 2017. The Entity provided the reimbursement expense documentation for each of these persons, and from this information we selected the largest travel expense for each person to review in detail as follows:

- a) We reviewed the expense documentation for all 3 travel expenses selected and compared them to the Entity's written policies for travel expense reimbursement and determined that each expense was reimbursed in accordance with written policy. Also, none of the 3 expense reimbursements exceeded the Entity travel reimbursement rates included in the written policies and procedures or the GSA rates, as applicable, for meals, lodging, or mileage.



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- b) We reviewed the expense documentation for all 3 travel expenses selected and determined that:
 - Each expense was supported by an original itemized receipt that precisely identified the purchase.
 - Each expense included supporting documentation for the business purpose of the expense.
 - Furthermore, we reviewed the Entity's written policy for travel expense reimbursement and determined that the policy does not require any additional documentation other than the 2 requirements outlined above. Therefore the requirement to verify that the expenses are supported by other required documentation is not applicable for the Entity.
- c) We compared the Entity's documentation of the business purpose for each of the 3 travel expenses selected to the requirements of Article 7, Section 14 of the Louisiana Constitution, and noted no exceptions.
- d) We reviewed the expense documentation for all 3 travel expenses selected and determined that each expense and the supporting documentation were signed as being reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

17. Procedure: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: The Entity provided us with a list of contracts in effect for the year ended June 30, 2017, and their representation that the listing is complete.

18. Procedure: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the Entity solicited quotes as a best practice.



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- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: We selected the only 2 contract “vendors” from the list, and the Entity provided the related contracts and paid invoices.

- a) We reviewed the contracts and invoices and determined that each of the 2 formal/written contracts support the services arrangement and the amounts paid during the year.
- b) We compared the detail of each of the contracts to the Louisiana Public Bid Law and the Procurement Code and determined that neither of the 2 contracts is subject to the Louisiana Public Bid Law or Procurement Code.
 - Furthermore, we reviewed the supporting contract documentation provided by the Entity and determined that the Entity did not solicit quotes as a best practice for payments under either contract. For management’s response, see Finding 2017-007 in Management’s Responses.
- c) We reviewed the details of each of the 2 contracts and determined that there were no amendments to either contract during for year ended June 30, 2017.
- d) We selected the largest payment from each of the two contracts, and the Entity provided the supporting invoices. We compared the invoices to the terms of the contracts and determined that the invoice and related payment for each contract complied with the terms and conditions of the contract.
- e) We reviewed the Entity’s contract documentation, board minutes, and policy and determined that there is no requirement for contracts to be approved by the board.

Payroll and Personnel

19. Procedure: Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:



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- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: The Entity has no elected officials. The Entity provided us with a listing of all employees that also included hourly pay rate and salary information for the year ended June 30, 2017, and management represented that the listing was complete. From this listing, we randomly selected 5 employees, and the Entity provided the personnel file for each. We reviewed the information in the files and determined that:

- a) Compensation was paid to each of the 5 employees during the fiscal period according to the terms and conditions of the employment contract and/or pay rate structures.
- b) There were no hourly pay rate or salary changes during the fiscal period for any of the 5 employees selected for testing.

20. Procedure: Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the Entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: The Entity provided attendance and leave records for the year ended June 30, 2017, and we randomly selected pay period 08/08/2016 to 08/22/2016. Using the payroll register from that pay period, we randomly selected 25 employees. We reviewed the documentation contained in the attendance and leave records of each of these employees and determined that:



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- a) Nineteen of the 25 employees selected were not eligible to earn leave time, and 2 of the 25 employees did not take any leave time during pay period 08/08/2016 to 08/22/2016. The leave and attendance records for the 4 employees who took vacation and/or sick leave contained documentation for their daily attendance and leave time.
- b) There was written documentation for all 25 employees selected that supervisors approved their attendance and leave for pay period 08/08/2016 to 08/22/2016.
- c) The Entity maintained leave records that included hours earned, hours used, and balance available for all 6 of the employees tested that earn leave. The other 19 employees selected were not eligible to earn leave time.

21. Procedure: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: The Entity provided a list of 4 employees who were terminated during the year ended June 30, 2017, and management's representation that these were the only 4 employees terminated during the year, and we selected the 2 largest termination payments. We reviewed documentation contained in the personnel files and determined that both payments were made in accordance with the employee contract and that each of the payments was approved by management.

22. Procedure: Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: The Entity provided cancelled checks and bank statements with EFT payment information for all payroll taxes and retirement contribution payments submitted for year ended June 30, 2017. We reviewed the quarterly payment information and determined that 17 of the 18 reporting forms and payments were submitted to the applicable agencies on or before the filing deadlines. The State Unemployment Tax form and payment of \$177.16 for the quarter ending September 30, 2016 was submitted November 29, 2016, which is after the filing deadline of October 31, 2016. For management's response, see Finding 2017-008 in Management's Responses.



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Other

23. Procedure: Inquire of management whether the Entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.

Results: Management's response to our inquiries concerning the misappropriation of public funds or assets was that there were no misappropriations.

24. Procedure: Observe and report whether the Entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We observed that the Entity has posted the notice required by R.S. 24:523.1 in the main office on its premises.

25. Procedure: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: We did not observe or in any other way identify exceptions with management's representations for any of the procedures contained in this report.

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

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

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

October 18, 2017

Management's Responses

**The Extra Mile Region VI, Inc.
Management's Responses**

June 30, 2017

Finding 2017-003 Bank Reconciliations

Summary: All of the bank reconciliations for the year ended June 30, 2017, for each bank account were reviewed to determine that research performed on reconciling items greater than 6 months old as of the end of the fiscal period had been documented. The following reconciling item greater than 6 months old had no documentation of research performed:

<u>Check Number</u>	<u>Date</u>	<u>Amount</u>
11679	10/12/2016	\$ 38.68

Response: We concur that there was no written documentation of research performed on the outstanding check listed above. Although steps were taken to clear up this outstanding check, we understand that it is also our responsibility to document in writing the research performed. This appears to be an isolated event, and we will be diligent in assuring that accounting practices related to adequate resolution and documentation of reconciling items are performed without exception.

Finding 2017-004 Collections (Employee Bonding)

Summary: Written documentation for collections, including the commercial insurance policy for the coverage period 06/28/2016 through 06/28/2017, was examined to determine if persons responsible for collecting cash are bonded. There was no evidence of bonding identified in any of the written documentation.

Response: We concur that employees who are responsible for collecting cash are not bonded. However, since there is no requirement set forth by any of the Entity's grantor agencies that employees must be bonded, and over half of our funds received are direct deposited into the bank accounts, we do not believe that adding a bonding provision to our current insurance policy is necessary.

Finding 2017-005 Collections (Days between Receipt and Deposit)

Summary: Collection documentation, deposit slips, and bank statements were examined to determine if deposits were made within one day of collection. Six collections were examined in total with the following results:

- Check #'s 454348 and 237092 did not have enough documentation to determine whether or not they were deposited within one day of collection.
- Check # 4543226 was deposited 7 days after collection.

Response: We concur with the findings for the 3 checks listed above. It is our practice that checks received by mail are immediately stamped with the date received and endorsed restrictively for deposit only. It is also our practice that after checks are received and posted to the general ledger, that they are deposited into the bank daily by the bookkeeper, unless it is impracticable to do so. Check # 4543226 was not deposited the day it was collected, since the bookkeeper was out on medical leave at that time. We will be diligent in assuring that accounting practices related to checks received by mail are performed when practical to do so.

**The Extra Mile Region VI, Inc.
Management's Responses**

June 30, 2017

Finding 2017-006 Disbursements - General

Summary: Inquiries and observations were made to determine if unused checks and blank check stock are kept in a locked location and that no one with signatory authority has access to the checks. Responses to inquiries evidenced that the executive director, who has signatory authority, also has access to the locked checks. Responses to inquiries and observations also evidenced that the executive director has system access to print checks.

Response: We concur that the executive director has signatory authority, access to locked checks, and also system access to print checks. This is necessary due to the small size of the staff. However, since the Entity's size precludes us from having less than optimum segregation of duties, we have mitigating controls in place, such as board oversight and independent review functions that are used to help reduce the risk of material misstatement and fraud.

Finding 2017-007 Contracts

Summary: Supporting documentation for 2 contracts in effect for the year ended June 30, 2017, were examined to determine whether quotes were solicited as a best practice, since neither of the 2 contracts were subject to the Louisiana Public Bid Law or Procurement Code. Documentation indicated that quotes had not been solicited as a best practice.

Response: We concur that quotes were not solicited as a best practice for either of the 2 contracts entered into during the year. It is our practice that we obtain board approval prior to entering into significant purchase agreements. It is also our practice to consult available resources, such as online research tools and feedback from other nonprofit organizations, prior to entering into contract agreements. These 2 contracts were not significant; therefore, board approval was not required. However, adequate research was performed to ensure that the contracts were in the best interest of the Entity.

Finding 2017-008 Payroll and Personnel

Summary: Payroll expense reporting forms, cancelled checks, and EFT payment information were examined to determine if payroll taxes and retirement contributions, along with the required reporting forms, were submitted timely to the applicable agencies. Examination indicated that the State Unemployment Tax form and payment of \$177.16 for the quarter ending September 30, 2016 was due by October 31, 2016 but was not remitted until November 29, 2016.

Response: We concur that the State Unemployment Tax form and payment for the quarter ending September 30, 2016 was not submitted by the filing deadline. However, this untimely filing occurred under extenuating circumstances when the staff responsible for filing payroll tax forms was out on unexpected medical leave. We believe this to be an isolated event, and will be diligent in assuring that accounting practices related to payroll tax filings are performed when practical to do so.