



LUTHER SPEIGHT & COMPANY, LLC
Certified Public Accountants and Consultants

NOLA BUSINESS ALLIANCE, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
<u>Financial Statements</u>	
Statements of Financial Position – Years Ended December 31, 2017 and 2016	3
Statements of Activities and Changes in Net Assets – Years Ended December 31, 2017 and 2016	4
Statements of Functional Expenses- Years Ended December 31, 2017 and 2016	5
Statements of Cash Flows- Years Ended December 31, 2017 and 2016	6
<u>Notes to Financial Statements</u>	
For Years Ended December 31, 2017 and 2016	7-14
<u>Supplementary Information</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i>	15-16
<u>Summary of Auditor’s Results</u>	17
<u>Schedule of Findings and Responses</u>	18
<u>Status of Prior Findings and Responses</u>	19
<u>Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer</u>	20



LUTHER SPEIGHT & COMPANY, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NOLA Business Alliance, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NOLA Business Alliance, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of the NOLA Business Alliance, 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 NOLA Business Alliance, Inc.'s internal control over financial reporting and compliance.

Other 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 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.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 20, 2018

**NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 2,289,635	\$ 1,600,281
Grant Receivable	195,432	77,322
Pledges Receivable, net of allowance of \$0 and \$12,500 respectively	84,492	106,787
Prepaid Expenses	32,840	39,741
Deposits	6,785	6,785
Fixed Assets, net	42,611	36,794
Total Assets	2,651,795	1,867,710
 LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	269,534	183,401
Deferred Revenue	1,431,250	575,978
Fringe Benefit Liabilities	74,198	66,262
Deferred Rent Liability	438	5,698
Total Liabilities	1,775,420	831,339
Unrestricted	816,700	875,509
Temporarily Restricted	59,675	160,862
Total Net Assets	876,375	1,036,371
TOTAL LIABILITIES & NET ASSETS	\$ 2,651,795	\$ 1,867,710

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE AND OTHER SUPPORT</u>						
Grant Revenue	\$ 2,214,136	\$ -	\$ 2,214,136	\$ 2,123,174	\$ -	\$ 2,123,174
Private Contributions	609,644	10,000	619,644	361,292	101,187	462,479
In-kind Contributions	13,411	-	13,411	19,026	-	19,026
Interest Income	8,572	-	8,572	9,975	-	9,975
Miscellaneous Revenue	45,256	-	45,256	49,944	-	49,944
Releases from Restrictions	111,187	(111,187)	-	50,000	(50,000)	-
Total Revenues and Other Support	<u>3,002,206</u>	<u>(101,187)</u>	<u>2,901,019</u>	<u>2,613,411</u>	<u>51,187</u>	<u>2,664,598</u>
<u>EXPENSES</u>						
Program Services	2,217,419	-	2,217,419	2,068,112	-	2,068,112
Management and General	489,321	-	489,321	417,355	-	417,355
Fundraising	354,275	-	354,275	204,513	-	204,513
Total Expenses	<u>3,061,015</u>	<u>-</u>	<u>3,061,015</u>	<u>2,689,980</u>	<u>-</u>	<u>2,689,980</u>
<u>CHANGE IN NET ASSETS</u>	(58,809)	(101,187)	(159,996)	(76,569)	51,187	(25,382)
Net assets, beginning of year	<u>875,509</u>	<u>160,862</u>	<u>1,036,371</u>	<u>952,078</u>	<u>109,675</u>	<u>1,061,753</u>
Net asset adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 816,700</u>	<u>\$ 59,675</u>	<u>\$ 876,375</u>	<u>\$ 875,509</u>	<u>\$ 160,862</u>	<u>\$ 1,036,371</u>

The accompanying notes are an integral part of these financial statements

**NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

	Program Service	Management and General	Fundraising	2017 Total	2016 Total
Salaries & related expenses	\$ 994,677	\$ 323,862	\$ 156,875	\$ 1,475,414	\$ 1,410,511
Professional services and fees	257,242	126,212	91,808	475,262	294,448
Sub-recipient expense	437,870	-	-	437,870	443,831
Marketing expense	147,693	1,748	37,833	187,274	119,762
Conference & meeting expense	124,121	10,568	2,471	137,160	98,033
Rent & parking	113,487	11,940	8,490	133,917	150,038
Uncollectible pledge provision	-	-	43,500	43,500	25,500
Travel expense	29,509	1,305	413	31,227	33,428
Staff development	15,578	3,439	4,854	23,871	10,978
Membership dues	15,731	1,587	2,827	20,145	6,604
Insurance	17,014	1,841	1,110	19,965	21,986
Telephone & telecommunications	15,652	1,696	1,521	18,869	16,427
Database & research expense	14,233	225	52	14,510	17,182
Depreciation	11,320	1,316	794	13,430	15,057
Office supplies	8,429	850	512	9,791	12,177
Printing & reproduction	6,449	618	392	7,459	5,461
Subscriptions	3,797	695	208	4,700	5,374
Repairs & maintenance	2,450	285	172	2,907	242
Advertising	1,431	201	402	2,034	500
Postage & delivery	680	66	40	786	775
Office expense	-	536	-	536	945
Bank charges	43	315	-	358	706
Corporation expense	13	16	1	30	15
	<u>\$ 2,217,419</u>	<u>\$ 489,321</u>	<u>\$ 354,275</u>	<u>\$ 3,061,015</u>	<u>\$ 2,689,980</u>

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

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (159,996)	\$ (25,382)
Adjustments to reconcile net income to net cash:		
Depreciation Expense	13,430	15,057
Provision for Uncollectible Pledges	-	12,500
Changes in assets and liabilities		
Increase in Receivables	(95,815)	(94,175)
(Increase) Decrease in Prepaid Expenses	6,901	(7,410)
Increase in Accounts Payable	86,133	39,985
Increase in Deferred Revenue	855,272	175,978
Decrease in Deferred Rent Liability	(5,260)	(3,842)
Increase (Decrease) in Payroll Liabilities	7,936	(13,194)
Net Cash Provided by Operating Activities	708,601	99,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(19,247)	(6,598)
Net Cash Used by Investing Activities	(19,247)	(6,598)
NET CHANGE IN CASH AND EQUIVALENTS	689,354	92,919
Cash and cash equivalents - beginning of period	1,600,281	1,507,362
Cash and cash equivalents - end of period	\$ 2,289,635	\$ 1,600,281

The accompanying notes are an integral part to these financial statements.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

1. Nature of Activities

NOLA Business Alliance, Inc. (NOLABA, or the Organization) is a 501(c) (3) exempt organization. NOLABA was incorporated in the State of Louisiana in 2010 and is the official non-profit organization tasked with leading the economic development initiative for the City of New Orleans. Operations of the Organization began in fiscal year 2011.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised. In-kind donations are recognized at their fair market value when received.

Basis of presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted, and permanently restricted net assets according to external (donor) imposed restrictions. A description of these three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as unrestricted.
- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.
- Permanently restricted net assets are contributions, which are required by the donor-imposed restriction to be invested in perpetuity and only the income, be made available for program operations in accordance with donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Use of estimates

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

Deferred revenues

The Organization records revenues in the period the revenues are earned. As of December 31, 2017 and 2016, the Organization recorded deferred revenue of \$1,431,250 and \$575,978, respectively in the Statements of Financial Position. Deferred revenue consisted of the following:

	2017	2016	
The Ford Foundation	\$ 1,000,000	\$ -	
City of New Orleans	400,000	400,000	
Surdna Foundation, Inc.	6,250	6,250	
Prepaid Contributions	25,000	81,187	
JP Morgan Chase	-	88,542	
	\$ 1,431,250	\$ 575,979	

Income taxes

The Organization is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes. The Organization paid no federal income tax for the years ended December 31, 2017 and 2016.

The Organization's tax returns for the years ended 2016, 2015, and 2014 remain open and subject to examination by taxing authorities. The organization's 2017 tax return has not yet been filed as of the report date.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For the purposes of reporting cash flows, cash consists of cash and cash equivalents. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grant receivable

Grant receivable at December 31, 2017 is comprised of amounts due from the State of Louisiana-Department of Education and the City of New Orleans. Grant receivable at December 31, 2016 is comprised of amounts due from the State of Louisiana-Department of Education. The total amounts of grant receivable as of December 31, 2017 and 2016 are \$191,903 and \$77,322, respectively. No allowance for doubtful accounts is recorded against this receivable.

Property and equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost when purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated over the shorter of the life of the asset or the life of the lease. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss included in the statement of activities.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized only if the carrying amount is not recoverable and exceeds its fair value. There were no impairments recognized during 2017 or 2016.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support based on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

In-kind contributions

In-kind contributions are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Management has estimated the value of in-kind contributions to be \$13,411 and \$19,026 for the years ended December 31, 2017 and 2016, respectively.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depends are substantially met and the promises become unconditional. The pledges receivable were recorded at \$85,020 without an allowance for uncollectible pledges and discount on pledges receivable of \$528, resulting in a net pledges receivable of \$84,492. The pledges receivable are expected to be collected as follows at December 31:

	<u>2017</u>	<u>2016</u>
In one year or less	\$ 75,020	\$ 55,848
Between one year and three years	10,000	66,187
Less:		
Present Value discount	(528)	(2,748)
Allowance for uncollectible pledges	<u>-</u>	<u>(12,500)</u>
Total Pledges Receivable	\$ 84,492	\$106,787

The organization provides for estimated uncollectible for pledges receivable based on management's analysis of specific promises made. Management recorded a provision for uncollectible pledges totaling \$43,500 for 2017. This provision included a direct write-off of outstanding pledges totaling \$43,500. During the year ended December 31, 2016 the provision for uncollectible pledges was recorded at \$25,500. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Advertising

Advertising costs are expensed in the period in which the advertising occurs. During 2017 and 2016, advertising costs totaled \$2,034 and \$500, respectively.

Functional expenses

Generally, expenses are charged to each program or function based on direct expenditures incurred. Expenditures not directly chargeable are allocated to programs or functions based on the estimated percentage of time spent by the organization's employees or the space utilized.

Note 3: Property and Equipment

The Organization records fixed assets based upon historical cost. Donated capital assets are recorded at fair value as of the date of donation. The Organization's policy is to capitalize all purchases of property and equipment with a cost exceeding \$500 and having a useful life of more than one year. Depreciation is computed and recorded using the straight-line method.

Property and equipment consisted of the following at December 31, 2017 and 2016:

<u>Asset Category</u>	<u>Useful Lives</u>	<u>2017</u>	<u>2016</u>
Furniture & Fixtures	7 years	\$ 19,727	\$ 19,727
Office Equipment	3-5 years	137,746	118,499
Leasehold Improvements	7 years	31,307	31,307
Subtotal		<u>188,780</u>	<u>169,533</u>
Accumulated Depreciation		<u>(146,168)</u>	<u>(132,739)</u>
Net Property and Equipment		<u>\$ 42,611</u>	<u>\$ 36,794</u>

Depreciation expense for fiscal year ended December 31, 2017 and 2016 was \$13,430 and \$15,057, respectively.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 4: Commitments and Contingencies

Lease Commitments

The Organization leases office space. The office space lease is for seventy-five months. As the lease agreement has an escalation clause, the Organization has accrued deferred rent to normalize the annual lease payments over the terms of the lease. Deferred rent at December 31, 2017 and 2016 is \$438 and \$5,698, respectively and is reflected on the accompanying Statements of Financial Position. Future obligations under operating lease agreements are as follows at December 31, 2017:

<u>Fiscal Years</u>	<u>Amounts</u>
2018	20,978

Note 5: Financial Instruments and Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. Cash balances exceeding the FDIC limit are substantially collateralized by the financial institution's pledged securities. The Organization's cash balances were not in excess of FDIC insurance and pledged collateral at December 31, 2017.

Note 6: Cooperative Endeavor Agreement

The Organization and the City of New Orleans entered into a cooperative endeavor agreement (CEA) effective April 1, 2011 for the Organization to provide strategic planning, business retention and expansion, business development and overall economic development to the City of New Orleans. In 2017, the organization renewed the agreement for the twelve-month period beginning April 1, 2017. The CEA provides for the City to fund \$1,500,000 to the Organization as compensation for the economic development services to be provided over the term of one year. The Organization agrees to raise a minimum of \$500,000 annually through fundraising activities. In addition, the Organization and the City of New Orleans entered into Amendment No. 1, which increased the funding by an additional \$56,000. The Organization recognized \$1,560,000 and \$1,500,000 of grant revenue from the City for the years ended December 31, 2017 and 2016, respectively.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 7: Grants

During 2016, the Organization was awarded new grants from Surdna Foundation (Surdna) and JPMorgan Chase Foundation (JPM) in the amounts of \$375,000 and \$125,000, respectively. The Surdna funds will be used over a period of 36 months to create a dedicated Small Business Ecosystem Development work-stream within the Organization to create more accessible on-ramps to economic opportunity for the people of New Orleans. The JPM funds will be used over a period of one year to support the Organization’s Small Business Ecosystem Development. The Organization was awarded a new grant near the end of 2017 from the Ford Foundation in the amount of \$1,000,000 for general support. Management has plans to use the funds in 2018; therefore, the funds received are recorded in deferred revenue at December 31, 2017.

Grant revenue at December 31, 2017 and 2016 is as follows:

Grantor Name	2017	2016
City of New Orleans	\$ 1,556,000	\$ 1,500,000
State of Louisiana	437,870	445,381
Surdna Foundation	125,000	118,750
U.S. Environment Protection Agency	6,724	22,585
JP Morgan Chase Foundation	88,542	36,458
	\$ 2,214,136	\$ 2,123,174

Note 8: Line of Credit

During the 2012 fiscal year, the Organization entered into a line of credit with a financial institution. The maximum amount available on the line was \$250,000 at December 31, 2017. The interest rate was 5% with a zero balance on the line of credit at year end. The line of credit has no expiration date. The outstanding balance of the line of credit at December 31, 2017 was \$0.

Note 9: Payroll and Benefit Liabilities

Management recorded payroll and benefit liabilities totaling \$74,198 at December 31, 2017 and \$66,262 at December 31, 2016. These balances include a liability for compensated absences.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 10: Contributed Services (In-kind)

The Organization received contributed services from various sources which were recorded as In-kind revenues totaling \$13,411 and \$19,026 for December 31, 2017 and 2016 respectively. These services were primarily comprised of a series of professional development seminars and stakeholder events which were hosted by other entities on a contributed basis. The revenues were recorded based upon the estimated fair value of the contributed services. The in-kind services furthered the unrestricted program activities of the Organization.

Note 11: Qualified Retirement Plan (401k)

The Organization has an Internal Revenue Service qualified employee retirement plan (401k). During 2017 and 2016, the Organization recorded matching contributions totaling \$19,355 and \$21,677, respectively.

Note 12: New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14, Not-For-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2017. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements

Note 13: Subsequent Events

Management has evaluated subsequent events through June 27, 2018, the date that the financial statements were available to be issued and determined that there were no other items for disclosure.



LUTHER SPEIGHT & COMPANY, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
NOLA Business Alliance, 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 NOLA Business Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NOLA Business Alliance, 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2017-01 that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOLA Business Alliance, 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, appearing to read "Luther Speight & Co".

Luther Speight & Company CPAs
New Orleans, Louisiana
June 21, 2018

**NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2017
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? YES NO

Significant deficiency(s) identified
not considered to be material weaknesses? YES NO

Noncompliance material to financial statements noted? YES NO

Federal Awards: NOT APPLICABLE

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017

FINDING NO. 2017-01: IMPROPER BANK RECONCILIATION PROCEDURES

CRITERIA:

Generally accepted accounting principles and nonprofit accounting best practices require that bank reconciliations be performed monthly for all cash accounts. Proper bank reconciliation preparation requires outstanding transactions to be researched and resolved on a timely basis.

CONDITION:

During our review of the entity's bank reconciliations, we noted two bank accounts included nine (9) checks totaling \$7,276.84 that remained outstanding in excess of six (6) months. Further review showed no documentation of management's efforts to research and resolve the aged outstanding transactions.

CAUSE:

The entity's bank reconciliation procedures did not provide for adequate review, research and resolution of aged outstanding transactions.

EFFECT:

The financial statement balances may be misstated as a result of adjustments required to resolve the aged outstanding checks.

RECOMMENDATION:

We recommend that the entity research and resolve bank reconciling items that have not cleared on a timely basis.

MANAGEMENT RESPONSE:

The Organization's former CFO transitioned to a new position in April of 2017 and the organization operated without a full-time CFO until May 2018. An interim CFO's was in place for the majority of this period but the continuity and the enforcement of some fiscal policies were impacted. Procedures have been implemented to resolve the referenced outstanding checks and maintain the current status of outstanding items.

**NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
STATUS OF PRIOR FINDINGS AND RESPONSES
DECEMBER 31, 2017**

There were no findings for the period ended December 31, 2016.

NOLA BUSINESS ALLIANCE, INC.
NEW ORLEANS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2017

Agency Head Name: Quentin L. Messer, Jr., served January 1 – December 31, 2017

Purpose	Amount
Salary	200,000
Benefits-insurance	26,236
Benefits-retirement	-
Benefits-executive parking	2,280
Car allowance	7,500
Vehicle provided by government	-
Per diem	-
Reimbursements	1,663
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



LUTHER SPEIGHT & COMPANY, LLC
Certified Public Accountants and Consultants

NOLA BUSINESS ALLIANCE, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



LUTHER SPEIGHT & COMPANY, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of New Orleans Business Alliance, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by New Orleans Business Alliance, 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 January 1, 2017 through December 31, 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. 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

Auditor Comments: The policy appears to appropriately address the required elements above.

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.

Auditor Comments: The policy does not include procedures for adding vendors to the vendor list. In addition, the entity does not use a procurement system that includes the preparation and approval process for purchase requisitions or purchase orders. However, the policy appears to appropriately address the remaining elements above.

Management Response:

Management will expand the documentation of the Organization's policies to include the referenced purchasing procedures

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

Auditor Comments: The policy appears to appropriately address the required elements above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Auditor Comments: The policy appears to appropriately address the required elements above.

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

Auditor Comments: The policy appears to appropriately address the required elements above.

- 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

Auditor Comments: The policy appears to appropriately address the required elements above

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

Auditor Comments: The policy appears to appropriately address the required elements above

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

Auditor Comments: The policy appears to appropriately address the required elements above

- 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.

Auditor Comments: Not applicable, as the entity is a nonprofit.

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

Auditor Comments: Not applicable, as the entity is a nonprofit

Board (or Finance Committee, if applicable)

2. 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.

Auditor Comments: The Board of Directors appeared to meet on a monthly basis.

- 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).

Auditor Comments: Of the eleven meeting minutes we were provided, only six of them included a budget to actual comparison report.

Management's Response:

Financial reports were presented at each meeting. Management will improve the recording and documentation of the board minutes.

- 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.

Auditor Comments: Budget to actual comparisons show that the entity operated at a surplus.

- 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.

Auditor Comments: We noted that Board minutes did reference or include non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Auditor Comments: List and management's representation obtained.

4. 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;

Auditor Comments: Bank reconciliations for all accounts for all months during the fiscal year were 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

Auditor Comments: Bank reconciliations were initialed and dated by a member of management that had no involvement in the transactions or the preparation of the reconciliations.

- 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.

Auditor Comments: We noted two of the bank accounts had transactions outstanding greater than 6 months. We were not provided any documentation reflecting that management has researched those transactions:

Management's Response:

The transition from the former CFO to the Acting CFO may have impacted certain detailed procedures during that period. These procedures will be prioritized by the recently hired CFO.

Collections

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

Auditor Comments: List and management's representation obtained.

6. 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.

Auditor Comments: It appears the entity has proper segregation of duties within the collections process. However, those employees responsible for collecting checks are not bonded. The entity typically does not collect actual cash, so there are no cash registers or cash drawers onsite.

Management's Response:

Management is confident that adequate safeguards and segregation of duties are presently in place regarding receipts.

- b) 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.

Auditor Comments: The entity has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 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.

Auditor Comments: We noted that each deposit was made one business day after collection.

- 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.

Auditor Comments: We noted that collections are completely supported by documentation and noted no exceptions.

7. 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.

Auditor Comments: The entity has a written policy regarding collections, but it does not specifically address determining the completeness of collections.

Management's Response:

Management will expand the documentation of the Organization's policy to include the aforementioned.

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

8. 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.

Observation: We obtained the general ledger and sorted for all disbursements. We also obtained management's representation that the general ledger was complete.

9. 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:

- a) 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.

Auditor Comments: The entity does not use a requisition/purchase order system or an equivalent electronic system for purchases. However, all purchases require a Purchase Request form, which must be approved by management.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Auditor Comments: The entity does not use purchase orders or an electronic equivalent. However, they do fill out Purchase Request form that must be approved by management.

- c) Payments for purchases were not processed without (1) 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.

Auditor Comments: Not applicable, as the entity does not use a requisition/purchase order system.

10. 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.

Auditor Comments: We noted that the employee responsible for processing payments also has access to adding new vendors.

Management's Response:

The size of the Organization's present staff does not allow for separation of these duties. However, all payments are reviewed and approved by staff not involved with the vendor Masterfile.

11. 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.

Auditor Comments: We noted that the employee with signatory authority also uses the company credit cards and approves reimbursements. However, when that employee incurs expenses, the Board of Directors review the credit card statement and approves the reimbursement.

12. 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.

Auditor Comments: We noted that the supply of unused checks are maintained in an employee's office that does not have signatory authority.

13. 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.

Auditor Comments: Not applicable. The entity does not use a signature stamp or a signature machine.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Auditor Comments: List and management's representation was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]]

Auditor Comments: We noted that each credit card statement was attached to a reconciliation, which was approved and initialed.

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

Auditor Comments: We noted no finance charges or late fees charged on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

Auditor Comments: No exceptions noted.

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

Auditor Comments: No exceptions noted.

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

Auditor Comments: Each transaction came with a Purchase Request form that was approved by the CEO. For expenses incurred by the CEO, those were reviewed and approved by the Board of Directors.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Auditor Comments: No exceptions noted.

- c) For each transaction, 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. cash advances or non-business purchases, regardless whether they are reimbursed). 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.

Auditor Comments: No exceptions noted.

Travel and Expense Reimbursement

17. 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.

Auditor Comments: We obtained the general ledger and filtered the travel related expenses. We also obtained management's representation that the general ledger is complete.

18. 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.

Auditor Comments: We noted the entity does not use per diems for traveling. The policy regarding mileage states that employees who utilize personal vehicles for business travel are eligible for reimbursement for mileage equal to the current level required by the Internal Revenue Service. This is in line with the U.S. General Services Administration.

19. Using the listing or general ledger from #17 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 (#18 above) and report each reimbursement that exceeded those rates.

Auditor Comments: No exceptions noted.

- 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.]

Auditor Comments: No exceptions noted.

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

Auditor Comments: No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Auditor Comments: Each transaction came with a Purchase Request form that was approved by the CEO

- 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.

Auditor Comments: No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Auditor Comments: We noted each Purchase Request Form was approved by the CEO. When the CEO incurs expenses, those expenses are reviewed and approved by the Board of Directors prior to reimbursement.

Contracts

20. 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.

Auditor Comments: List and management's representation were obtained.

21. 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.

Auditor Comments: We noted that there was a formal/written contract for all five (5) vendors selected.

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:

Auditor Comments: We noted that none of the vendors selected were subject to Louisiana Public Bid Law or Procurement Code as all were for services, not materials and/or supplies.

- 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)

Auditor Comments: Not applicable since none of the contracts were subject to Louisiana Public Bid Law or Procurement Code.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Auditor Comments: We noted no evidence of the entity soliciting quotes for contracts. We noted that according to the entity's policies and procedures, all commitments in excess of \$5,000 must have three written proposals from potential bidders.

Management's Response:

The Organization’s practice is to solicit at least three bids on all procurements, including small purchases. Management will assure that procurement documentation on small purchases are maintained on file.

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.

Auditor Comments: We noted that three (3) out of the five (5) contracts were amended. Below are the details of the amendments:

- Amendment 1 – The amended contract added an additional \$40,000 of maximum payments on top of the original contract. Nothing in the original contract prevents it from being amended.
- Amendment 2 – This contract was amended twice and extended the contract period an additional 3 months each time. The original contract states that it can be extended by a written amendment duly executed by the contracting parties.
- Amendment 3 – The amended contract extended the contract period another 4 months and added an additional \$17,875 in maximum payments to the vendor. The original contract states that it can be extended by a written amendment duly executed by the contracting parties.

- 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.

Auditor Comments: No exceptions noted.

- 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).

Auditor Comments: Per review of the board minutes, we noted no evidence of board approval of contracts.

Management's Response:

Management will formalize a policy that specifies the contracts and requirements that require board approval. Board minute documentation will include board approval.

Payroll and Personnel

22. 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:

Auditor Comments: Listing and management's representation were obtained.

- 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.

Auditor Comments: We noted payments made to each employee were in accordance to their pay rate agreement.

- 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.

Auditor Comments: We noted Payroll Change of Status forms that were signed by the President/CEO for changes made to pay rates.

23. 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.)

Auditor Comments: We noted that the daily attendance and leave were documented for the selected employees. However, we noted exceptions on three (3) of the employees. We noted the following exceptions:

- One employee had 40 documented vacation hours, but per the payroll register was only paid for 32 vacation hours.
- One employee had 0 documented personal hours, but per the payroll register was paid for 16 personal hours.
- One employee had 8 documented personal hours, but per the payroll register was paid for 8 vacation hours instead.

Management's Response:

The inconsistencies noted above indicate that increased focus is required by Management related to maintaining paid-time-off records and updating of payroll reports. Management will implement procedures to assure the records are maintained on a current basis in the future.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Auditor Comments: We noted that leave was approved by management.

- 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.

Auditor Comments: We noted the entity maintains a spreadsheet with all employees' leave hours earned, used, and balance available. This is used to calculate the PTO accrual at December 31, 2017.

24. 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.

Auditor Comments: We noted that two (2) employees were terminated at the end of the fiscal year. The termination payments were made in the subsequent fiscal year (2018). No termination payments were made during 2017.

25. 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.

Auditor Comments: we noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Auditor Comments: Not applicable as the entity is a non-profit.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Auditor Comments: Not applicable as the entity is a non-profit.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Auditor Comments: Not applicable as the entity is a non-profit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Auditor Comments: Not applicable as the entity is a non-profit.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Auditor Comments: Not applicable as the entity is a non-profit.

Other

31. 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.

Auditor Comments: No misappropriations of public funds or assets were noted. However, we did note two fraudulent charges on the credit card sampled at #14 through #16 above. These charges were refunded to the entity.

Management's Response:

The fraudulent charges were not related to an employee, but appeared to be an outside party that compromised the credit card. The charges were noted timely by management and refunded by the financial institution.

32. 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.

Auditor Comments: We noted the required notice is posted on the premises, but it is not included in the entity's website.

Management's Response:

The Organization will update its website to include the referenced information.

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

Auditor Comments: None noted

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.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 20, 2018