

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

June 30, 2018

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteers of America of North Louisiana
Shreveport, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America of North Louisiana (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America of North Louisiana as of June 30, 2018, 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 Summarized Comparative Information

We have previously audited Volunteers of America of North Louisiana's 2017 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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 consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018, on our consideration of the Volunteers of America of North Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Volunteers of America of North Louisiana's 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 Volunteers of America of North Louisiana's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
November 6, 2018

Volunteers of America of North Louisiana
Shreveport, Louisiana

Consolidated Statement of Financial Position
June 30, 2018
(with Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 753,396	\$ 1,072,639
ACCOUNTS RECEIVABLE, NET	1,098,237	1,541,093
PLEDGES RECEIVABLE, NET	502,591	576,940
PREPAID EXPENSES	82,117	84,869
OTHER CURRENT ASSETS	142,060	103,730
TOTAL CURRENT ASSETS	2,578,401	3,379,271
FIXED ASSETS		
LAND AND BUILDINGS	3,901,981	3,900,112
FURNISHINGS AND EQUIPMENT	1,593,489	1,440,245
ACCUMULATED DEPRECIATION	(2,982,031)	(2,657,559)
TOTAL FIXED ASSETS	2,513,439	2,682,798
OTHER ASSETS		
DESIGNATED AND RESTRICTED ASSETS	3,043,138	2,960,850
NOTES RECEIVABLE, NET	200,000	200,000
OTHER ASSETS	1,638,027	1,756,328
TOTAL OTHER ASSETS	4,881,165	4,917,178
TOTAL ASSETS	\$ 9,973,005	\$ 10,979,247
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 123,049	\$ 160,880
LINE OF CREDIT	212,326	268,830
CURRENT PORTION OF LONG TERM DEBT	-	31,832
ACCRUED EXPENSES	803,257	701,173
CONTRACT GRANTS AND ADVANCES	-	36,600
OTHER CURRENT LIABILITIES	(519)	(1,612)
TOTAL CURRENT LIABILITIES	1,138,113	1,197,703
OTHER LIABILITIES		
MORTGAGES PAYABLE, NON CURRENT	640,000	640,000
OTHER LONG TERM LIABILITIES	179,119	260,297
TOTAL OTHER LIABILITIES	819,119	900,297
TOTAL LIABILITIES	1,957,232	2,098,000
NET ASSETS		
UNRESTRICTED	1,935,052	3,035,281
UNRESTRICTED - DESIGNATED	771,388	754,165
TEMPORARILY RESTRICTED	3,629,568	3,445,536
PERMANENTLY RESTRICTED	1,679,765	1,646,265
TOTAL NET ASSETS	8,015,773	8,881,247
TOTAL LIABILITIES AND NET ASSETS	\$ 9,973,005	\$ 10,979,247

The accompanying Notes are an integral part of these statements.

Volunteers of America of North Louisiana
Shreveport, Louisiana

Consolidated Statement of Activities
for the Year Ended June 30, 2018
(with Comparative Totals for 2017)

	UNRESTRICTED	DESIGNATED UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2018 TOTAL	2017
REVENUE FROM OPERATIONS						
<i>PUBLIC SUPPORT RECEIVED DIRECTLY</i>						
Contributions	\$ 1,211,478	\$ -	\$ 1,380,764	\$ 33,500	\$ 2,625,742	\$ 2,374,758
Contributions, In-Kind	467,858	-	-	-	467,858	505,631
<i>PUBLIC SUPPORT RECEIVED INDIRECTLY</i>						
United Way	112,411	-	-	-	112,411	137,072
Combined Federal Campaign	108	-	-	-	108	241
TOTAL PUBLIC SUPPORT	1,791,855	-	1,380,764	33,500	3,206,119	3,017,702
REVENUE & GRANTS FROM GOVERNMENTAL AGENCIES	11,512,871	-	101,831	-	11,614,702	12,944,304
<i>OTHER REVENUE</i>						
Program Service Fees	443,988	-	-	-	443,988	350,116
Rental Income	600	-	-	-	600	550
Unusual or Infrequently Occurring Items, Net	-	-	-	-	-	228,638
Other Operating Income	12,693	-	-	-	12,693	11,422
TOTAL OTHER REVENUE	457,281	-	-	-	457,281	590,726
NET ASSETS RELEASED FROM RESTRICTION	1,414,618	(33,985)	(1,380,633)	-	-	-
TOTAL REVENUE FROM OPERATIONS	15,176,625	(33,985)	101,962	33,500	15,278,102	16,552,732
OPERATING EXPENSES						
Encouraging Positive Development	1,901,255	-	-	-	1,901,255	2,052,689
Fostering Independence	8,664,858	-	-	-	8,664,858	8,634,618
Promoting Self-Sufficiency	2,350,111	-	-	-	2,350,111	2,800,235
TOTAL PROGRAM SERVICES	12,916,224	-	-	-	12,916,224	13,487,542
Management and General	2,227,589	-	-	-	2,227,589	1,813,863
Fund Raising	1,016,504	-	-	-	1,016,504	725,225
TOTAL SUPPORTING SERVICES	3,244,093	-	-	-	3,244,093	2,539,088
Affiliate Fees	329,098	-	-	-	329,098	357,343
TOTAL OPERATING EXPENSES	16,489,415	-	-	-	16,489,415	16,383,973
EXCESS (DEFICIT) FROM OPERATIONS	(1,312,790)	(33,985)	101,962	33,500	(1,211,313)	168,759
<i>NON-OPERATING ACTIVITY</i>						
Interest and dividend income	206,871	30,200	48,660	-	285,731	238,342
Gains (losses) on disposition of assets	-	-	-	-	-	11,027
Gains (losses) on investments	-	28,393	45,250	-	73,643	175,703
Other non-operating gains (losses)	5,690	(7,385)	(11,840)	-	(13,535)	(18,335)
SURPLUS (DEFICIT) FROM NON-OPERATING ACTIVITY	212,561	51,208	82,070	-	345,839	406,737
CHANGE IN NET ASSETS	(1,100,229)	17,223	184,032	33,500	(865,474)	575,496
NET ASSETS AT BEGINNING OF PERIOD	3,035,281	754,165	3,445,536	1,646,265	8,881,247	8,305,751
NET ASSETS AT END OF PERIOD	\$ 1,935,052	\$ 771,388	\$ 3,629,568	\$ 1,679,765	\$ 8,015,773	\$ 8,881,247

The accompanying Notes are an integral part of these statements.

Volunteers of America of North Louisiana
Shreveport, Louisiana

Consolidated Statement of Functional Expenses
for the Year Ended June 30, 2018
(with Comparative Totals for 2017)

	Program Services				Support Services			2018 Totals	2017
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Total	Management and General	Fund Raising	Total		
Salaries	\$ 999,743	\$ 5,560,467	\$ 979,205	\$ 7,539,415	\$ 1,208,367	\$ 277,766	\$ 1,486,133	\$ 9,025,548	\$ 9,374,110
Pension Expense	22,478	65,768	12,592	100,838	41,528	13,155	54,683	155,521	175,214
Other Employee Benefits	114,021	518,479	115,215	747,715	182,015	18,612	200,627	948,342	1,053,809
Payroll Taxes	75,692	427,501	73,472	576,665	52,097	16,798	68,895	645,560	662,265
Legal Fees	-	82	-	82	4,546	-	4,546	4,628	5,271
Accounting Fees	-	-	-	-	57,850	-	57,850	57,850	37,500
Other Professional Fees	64,502	432,432	88,247	585,181	178,789	248,948	427,737	1,012,918	959,593
Supplies and Expenses	44,122	131,036	52,572	227,730	51,862	17,213	69,075	296,805	518,326
Telecommunications	16,202	67,445	18,133	101,780	11,261	5,246	16,507	118,287	130,663
Postage	149	587	375	1,111	3,726	18,251	21,977	23,088	18,942
Occupancy	298,149	188,646	56,133	542,928	109,090	18,759	127,849	670,777	756,317
Interest	-	-	-	-	18,044	-	18,044	18,044	15,118
Insurance	43,557	152,665	60,565	256,787	53,812	2,912	56,724	313,511	307,710
Equipment Rental and Maintenance	14,199	38,197	14,934	67,330	27,623	4,582	32,205	99,535	130,796
Printing and Publications	570	856	161	1,587	1,164	12,382	13,546	15,133	17,175
Travel and Transportation	28,360	125,033	29,309	182,702	2,371	696	3,067	185,769	263,293
Conferences and Meetings	10,894	24,700	5,736	41,330	43,242	25,997	69,239	110,569	110,807
Specific Assistance to Individuals	158,293	856,348	733,807	1,748,448	(2,521)	8,396	5,875	1,754,323	1,114,493
Other	-	45,400	7,441	52,841	7	326,791	326,798	379,639	104,416
National Supervisory Fees	-	-	-	-	329,098	-	329,098	329,098	357,343
Total Expenses Before Depreciation	1,890,931	8,635,642	2,247,897	12,774,470	2,373,971	1,016,504	3,390,475	16,164,945	16,113,161
Depreciation	10,324	29,216	102,214	141,754	182,716	-	182,716	324,470	270,812
Total Functional Expenses	\$ 1,901,255	\$ 8,664,858	\$ 2,350,111	\$ 12,916,224	\$ 2,556,687	\$ 1,016,504	\$ 3,573,191	\$ 16,489,415	\$ 16,383,973

The accompanying Notes are an integral part of these statements.

Volunteers of America of North Louisiana
Shreveport, Louisiana

Consolidated Statement of Cash Flows
for the Year Ended June 30, 2018
(with Comparative Totals for 2017)

	2018	2017
Change in Net Assets	\$ (865,474)	\$ 575,496
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	324,470	270,812
Contributions restricted for long-term purposes	(43,500)	(9,300)
Contributions restricted to purchase equipment	-	(26,500)
Noncash equipment grant	(101,831)	-
Restricted interest & dividends	(78,860)	(159,334)
(Gain) Loss on Sale of Fixed Assets	-	6,538
(Gain) Loss on Investment Transactions	(73,643)	(175,703)
(Increase) Decrease in:		
Accounts Receivable, Net	442,856	(148,442)
Pledges Receivable, Net	74,349	(5,463)
Prepaid Expenses	2,752	(5,642)
Other Assets	116,782	1,722
Increase (Decrease) in:		
Accounts Payable	(37,831)	13,535
Contract Advances	(36,600)	36,600
Accrued Expenses	102,084	123,506
Other Liabilities	(11,970)	(22,396)
Net Cash Provided by (Used in) Operating Activities	(186,416)	475,429
Cash Flows from Investing Activities		
Proceeds from property and equipment insurance recovery	-	8,024
Proceeds from (Loans to) related parties	(36,806)	(27,020)
Proceeds from Sale of Investments	118,418	145,116
Purchase of Investments	(124,861)	(106,908)
Purchase of Fixed Assets	(53,283)	(155,320)
Net Cash Provided by (Used in) Investing Activities	(96,532)	(136,108)
Cash Flows from Financing Activities		
Contributions restricted for long-term purposes	43,500	9,300
Contributions restricted to purchase equipment	-	26,500
Restricted interest and dividends	78,860	159,334
Net Activity on Line of Credit	(56,503)	-
Payments on Notes Payable	(302,652)	(5,817,446)
Proceeds from Issuance of Notes Payable	200,500	5,709,090
Net Cash Provided by (Used in) Financing Activities	(36,295)	86,778
Net Increase (Decrease) in Cash and Cash Equivalents	(319,243)	426,099
Cash and Cash Equivalents - Beginning	1,072,639	646,540
Cash and Cash Equivalents - Ending	\$ 753,396	\$ 1,072,639
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest During the Year	\$ 18,044	\$ 15,118
Schedule of Noncash Investing Transactions		
Noncash Equipment Grant from LA Department of Transportation	\$ 101,831	\$ -

The accompanying Notes are an integral part of these statements.

Volunteers of America of North Louisiana Shreveport, Louisiana

Notes to the Consolidated Financial Statements
June 30, 2018

Note 1 Organization

The consolidated financial statements for Volunteers of America of North Louisiana include Volunteers of America of North Louisiana, Volunteers of America of North Louisiana Housing Development Corporation and McAdoo Services Corporation, which collectively are referred to as “the Organization”, “VOA” or “the VOA”. Volunteers of America of North Louisiana is a nonprofit spiritually based human services organization, incorporated in the State of Louisiana, that provides social services within North and Central Louisiana under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

The VOA’s programs are grouped into three major impact areas:

Encouraging Positive Development

Within the impact area of encouraging positive development, VOA provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents and their families. VOA’s programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention and long-term services.

This impact area includes the following categories:

Children and Youth

- 21st Century Community Learning Centers – school-based afterschool care
- Communities in Schools – mentor and school-based services
- Light House – community-based afterschool care

Community Enhancement

- Parents as Teachers – parent education and family support
- Family Resource Center – family preservation
- Neighbors for Neighbors – family support

Fostering Independence

Within the impact area of fostering independence, VOA fosters the health and independence of the elderly and persons with disabilities, mental illness and HIV/AIDS through quality affordable housing, health care services and a wide range of community services.

This impact area includes the following categories:

Disabilities Services

- Eligibility Assistance Region 6 – disability services related to health benefits
- Eligibility Assistance Region 7 – disability services related to health benefits
- Eligibility Assistance Region 8 – disability services related to health benefits
- Personal Care – in-home supports for developmentally disabled persons
- Supported Independent Living – assisted independence for developmentally disabled persons
- Adult Day Health Care – community-based center providing services for medical, nursing, social, and personal care needs to adults who have physical, mental or functional impairments.

Elderly Services

- Senior Lunch – meal in social setting for senior citizens

Mental Health

- Supervised Independent Living – supportive housing for mentally ill
- GAPS – supportive housing for mentally ill persons in a congregate setting
- SHOC – supportive housing for mentally ill persons in scattered site apartments
- Assertive Community Outreach Services – outpatient services for seriously mentally ill clients
- Intensive Sheltering Program – respite care for chronically mentally ill adults
- HUD Central LA – housing with supportive services for mentally ill adults
- Behavioral Health Rehab – outpatient services for adults with serious mental illness
- Behavioral Health Advocacy – linking children in Central LA with appropriate services
- Behavioral Health Navigator Pilot and Community Health – prevention of recurring emergency room visits and hospital stays by ensuring adherence to discharge plan
- Transitional Residential Living – transitional housing in Central LA for those with mental illness

Housing – Disabled Housing and Elderly Housing

- HUD Management – 100 units at 6 properties housing persons with disabilities

Promoting Self-Sufficiency

Within the impact area of promoting self-sufficiency, VOA promotes self-sufficiency for individuals and families who have experienced homelessness or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. VOA focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

This impact area includes the following categories:

Community Enhancement

- Partners in Literacy – adult literacy

Homeless Services

- Supportive Services – eviction prevention, employment, and other services for veterans and their families to prevent future homelessness
- Supportive Services – housing placement and supportive services for housing stabilization

Housing

- VA Housing – transitional housing for homeless veterans
- Safe Haven – transitional shelter for homeless veterans
- Rural Vets Coordination Pilot – case management for veterans living in rural areas to connect them to needed and available medical services
- Permanent Supportive Housing – case management for behavioral health adults to obtain and maintain housing

Emergency Services

- Disaster Case Management – providing supportive services to the victims of the flood

The continued existence of new funds for the preceding programs, which are primarily funded through grants and contracts, will be dependent upon contractual renewals with VOA's various funding sources.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting - The accounting policies of VOA conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. VOA prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies of the VOA are described below:

Principles of Consolidation - The consolidated financial statements for Volunteers of America of North Louisiana include Volunteers of America of North Louisiana, Volunteers of America of North Louisiana Housing Development Corporation and McAdoo Services Corporation, which collectively are referred to as "the Organization", "VOA" or "the VOA". All significant intercompany transactions and balances have been eliminated in consolidation.

Accounts Receivable - The VOA predominantly extends credit through billing for reimbursement of allowed costs in connection with providing services under contract with various federal and state agencies. The VOA also extends credit to select individuals in the course of other services for fees in Central and North Louisiana. All extensions of credit are on an unsecured basis. Grant receivables are recorded at the amount billed and are deemed delinquent based on contractual terms.

Allowance for Doubtful Accounts and Uncollectible Pledges - The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the receivables in light of historical experience, the nature and type of account, adverse situations that may affect the payer's ability to repay and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Receivables deemed uncollectible are charged against the allowance when management believes the uncollectibility is confirmed.

Property and Equipment - Land, buildings and equipment purchased by the VOA are recorded at cost. VOA capitalizes all expenditures for land, buildings and equipment in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets: furniture and equipment – five to ten years; transportation vehicles – five years and buildings and improvements – thirty years. Certain property and equipment purchased with grant funds may revert back to the funding agency if the program is closed or abandoned and proceeds from the sale of certain property could be returned to the granting agency.

Cash Equivalents - Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments. Included in cash and cash equivalents at June 30, 2018 was \$484,313 of restricted cash.

Contributions - Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributed Services - The VOA recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Substantially all contributed services were used for programs encouraging positive development.

Restricted and Designated Assets - Restricted and designated assets, if any, represent assets that are encumbered by donor restrictions, legal agreements or otherwise unavailable for the general use of the VOA. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets and securities that are pledged and held by the lender as collateral for financing.

Net Assets - The VOA classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Operations - The VOA defines operations as all program and supporting service activities undertaken (see Note 1). Revenues that result from these activities, and their related expenses, are reported as operations. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as non-operating.

Income Taxes - Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America of North Louisiana is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2018. Accordingly, no tax expense was incurred for the year ended June 30, 2018.

VOA has adopted the provisions of FASB ASC 740-10-25. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. VOA does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2018, there were no interest or penalties recorded or included in its financial statements.

Investments - Investments consist primarily of bond and corporate mutual funds, bonds and cash reserve funds. They are recorded at fair value based on quoted market prices. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value on the date contributed.

Summary Financial Information for 2017 - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the VOA's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Allocation of Functional Expenses - The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk - The VOA maintains its cash balances at several different financial institutions and investment companies in its service delivery area. The balances with the financial institutions are insured by the FDIC up to \$250,000 for each bank. The VOA can have exposure from time to time due to cash balances held in excess of the FDIC coverage. At June 30, 2018, VOA's cash balances held in money market investment accounts are insured by SIPC and the investment company's excess insurance coverage.

VOA has the following mix of receivables and revenue from governmental agencies at June 30, 2018:

	<u>Receivable</u>	<u>Revenue</u>
Medicaid	49 %	59 %
U.S. Department of Health and Human Services	5 %	7 %
U.S. Department of Housing and Urban Development	13 %	10 %
U.S. Department of Veterans Affairs	25 %	18 %
State of Louisiana	1 %	2 %
Other Sources	7 %	4 %
Total	<u>100 %</u>	<u>100 %</u>

Fair Value Measurements - In 2009, the VOA adopted the provisions of FASB ASC 820.10 and subsections. Under FASB ASC 820.10, 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.

FASB ASC 820.10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given both to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Note 3 Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018, were composed of various donor restricted purposes and uncollected pledges. Temporarily restricted net assets of \$3,629,568 are included in cash and cash equivalents, pledges receivable, designated and restricted assets, other assets, and fixed assets in the consolidated statement of financial position.

Note 4 Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2018, were composed of contributions restricted by donors. The VOA can annually distribute a percentage of the fund as determined by the Planned Giving and Endowment Advisory Committee. The VOA adopted the total return concept method in 2011 to determine the amount of future distributions of the fund. This concept takes into consideration income, net of expenses and the change of asset value. A distribution in the amount of \$99,194 was made in fiscal year 2018. Permanently restricted net assets of \$1,679,765 are included in designated and restricted assets in the consolidated statement of financial position.

Note 5 Fair Value Measurements

The VOA’s measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows:

	Level 1 <u>Quoted Prices in Active Markets</u>	Level 2 <u>Other Observable Inputs</u>	Level 3 <u>Unobservable Inputs</u>
Investments	\$ 3,398,224	\$ 272,118	\$ -
Pledges receivable	\$ -	\$ -	\$ 2,116,717

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. Management determines if the current valuation techniques used in fair value measurements are still appropriate, and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

	Pledges Receivable	Promises to Give	Total
Balance as of June 30, 2017	\$ 2,309,360	\$ 4,808	\$ 2,314,168
Payments received	(616,539)	(5,000)	(621,539)
New pledges made	730,889	-	730,889
Write-offs	(43,117)	-	(43,117)
Change in allowance	(283,671)	-	(283,671)
Change in discount	19,795	192	19,987
Balance as of June 30, 2018	\$ 2,116,717	\$ -	\$ 2,116,717

Note 6 Notes Receivable

VOA advanced funds to a related party in November 2013 in the amount of \$200,000 at a rate of 1% to be used in connection with a housing project in Shreveport, Louisiana. Principal plus all accrued interest is due in November 2018. See note 15.

Note 7 Investments

Investments at June 30, 2018 are summarized as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market	\$ 881,157	\$ 881,157	\$ -
Mutual Funds	1,432,127	1,745,446	313,319
Fixed Income	863,440	896,894	33,454
Other Assets	95,327	146,845	51,519
	<u>3,272,050</u>	<u>3,670,342</u>	<u>398,292</u>
Less Current Investments (included in cash and cash equivalents)	<u>805,823</u>	<u>805,823</u>	<u>-</u>
Long-Term Investments (included in designated and restricted assets)	<u>\$ 2,466,227</u>	<u>\$ 2,864,519</u>	<u>\$ 398,292</u>

Investment return for the year ended June 30, 2018, is composed of interest and dividends of \$91,608, a board-restricted dividend of \$194,123 paid from Louisiana Workers' Compensation Corporation, realized gains of \$40,214 and unrealized gains of \$33,429. Investment expenses of \$19,225 are included in other non-operating gains (losses).

Note 8 Accounts Receivable

At June 30, 2018, accounts receivable consisted of the following:

Grants and Contracts Receivable	\$ 1,153,040
Other Accounts Receivable	10,833
Less Allowance for Uncollectible Receivables	(65,636)
Total	<u>\$ 1,098,237</u>

Note 9 Debt

Direct subsidy conditional grant in the amount of \$390,000, commencing August 2009, governed by an Affordable Housing Program Agreement for Rental Project with the Federal Home Loan Bank of Dallas with 0% interest. Grant has fifteen year retention period and will not have to be repaid as long as VOA complies with the agreement. The agreement is secured by real estate with a net book value of \$1,707,615 as of June 30, 2018.

\$ 390,000

Promissory note payable to the Louisiana Housing Finance Agency in the original amount of \$250,000 with 0% interest rate, payable in annual installments of \$25,000 but not in excess of an amount equal to fifty percent of surplus cash, due on first day of April, commencing April 2010; provided however, that all payments due hereunder shall be payable only out of and to the extent of the surplus cash to be determined by the Agency and after a cash distribution to the VOA of not more than \$10,000. This note matures April 1, 2020, and shall be forgiven on that date if the housing project has been maintained in accordance with the Agency's Affordable Rental Housing Program Regulatory Agreement. Note is secured by a continuing security interest in all rights, title and interest acquired or arising out of this note. The note is secured by real estate with a net book value of \$1,707,615 as of June 30, 2018.

250,000

Less Current Portion
Long-Term Portion

640,000
(-)
\$ 640,000

The following is a schedule of the debt maturing in subsequent years ending June 30:

2019	\$ -
2020	250,000
2021	-
2022	-
2023	-
Thereafter	390,000
Total	<u>\$ 640,000</u>

Interest expense for the year ended June 30, 2018, was \$18,170.

Note 10 Line of Credit

The VOA maintains a revolving line of credit payable to a financial institution, with a maximum credit of \$1,000,000, with interest based on the prime rate as quoted in the Wall Street Journal (the "Index") plus 0.25% over the index, with a minimum amount of 4.5%, maturing on February 12, 2019. The interest rate at June 30, 2018 was 4.75%. This line of credit is secured by deposits, receivables, real estate and land. The real estate and land have a net book value of \$177,604. The line of credit outstanding as of June 30, 2018, was \$212,326.

Note 11 Leases

The VOA leases certain facilities, equipment, and vehicles under operating leases, which expire at various dates. The minimum future lease obligations under such leases are as follows for the fiscal years ending June 30:

2019	\$	455,296
2020		160,339
2021		131,026
2022		<u>27,200</u>
Total	\$	<u><u>773,861</u></u>

Total rent expense under all leases amounted to \$839,068 for the year ended June 30, 2018, and is included in occupancy, equipment rental and maintenance, and travel and transportation expenses.

Note 12 Pledges Receivable and Promises to Give

Pledges receivable are recorded as receivables and revenue when received. Pledges receivable are recorded as temporarily restricted net assets. When payment is received, they are subsequently designated to the appropriate net asset category in accordance with donor-imposed restrictions, if any. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. The VOA conducts various annual fund raising campaigns and receives multi-year donations from various contributors.

Following is a recap of the VOA's pledges receivable at June 30, 2018.

Total Pledges Receivable	\$	2,769,591
Less: Allowance for uncollectible pledges	(340,232)
Less: Discount, 4.75%	(<u>312,642)</u>
Net Pledges Receivable		2,116,717
Less Current Pledges Receivable	(<u>502,591)</u>
Long-term Pledges Receivable (included in other assets)	\$	<u><u>1,614,126</u></u>
Gross pledges due in:		
Less than 1 year		684,791
1 – 5 years		2,080,625
After 5 years		<u>4,175</u>
Total Pledges Receivable	\$	<u><u>2,769,591</u></u>

Note 13 Pension Plan for Ministers

The VOA participates in a non-contributory defined benefit pension and retirement plan with the Volunteers of America, Inc. national organization called The Volunteers of America National Pension Plan. The plan's employer identification number is 13-1692595 and the plan's year-end is December 31. The plan is a multi-employer plan and is not required to record the unfunded pension liability in its financials. The plan's disclosure information regarding the projected benefit obligation and unfunded status as they relate solely to Volunteers of America of North Louisiana is not available, which is typical for multi-employer plans. Because this plan is a church plan, and not subject to the Employment Retirement Security Act of 1974 (ERISA), the Organization is not required to file a Form 5500. This unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to help fund these amounts. The VOA has no plans to withdraw from its multi-employer pension plan.

The financial health of the multi-employer pension plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's

actuary. As of June 30, 2018, the date of the most recent available information, the plan is less than 65% funded. Because the plan is not subject to ERISA, a funding improvement plan is not required; however, the national organization has voluntarily implemented a contribution assessment.

The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense was \$23,333 for the year ended June 30, 2018.

Note 14 Retirement Plan

The VOA retirement savings plan is organized under Internal Revenue Code Section 403(b). The plan allows all employees with one year of service to participate. Employees are able to contribute annually up to the statutory limitation, currently \$17,500. VOA will contribute up to five (5%) percent of gross wages on a dollar for dollar match of employee's contribution. Employees are one hundred (100%) percent vested after three years of service; employees hired prior to May 1, 2015 followed a two-year vesting rule. Contributions made to the plan are at the discretion of the Board of Directors. Retirement plan expense was \$133,753 for the year ended June 30, 2018, under this plan.

Note 15 Related-Party Transactions

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the agency for a fee. Affiliate fees for the fiscal year ended June 30, 2018, totaled \$329,098. The amount due to Volunteers of America, Inc. for affiliate fees as of June 30, 2018, was \$30,078.

VOA manages seven HUD projects that are part of the national affiliation of Volunteers of America, Inc. Management fees charged by VOA to the HUD projects totaled \$122,537 for the year ended June 30, 2018. In addition to management fees, VOA paid certain expenses, including salaries, on behalf of the projects; these expenses totaled \$699,559. At June 30, 2018, the projects owed VOA \$108,231, which is included in other current assets.

VOA manages 2901 Dee St., Inc, doing business as Embassy House Apartments, that is also part of the national affiliation of Volunteers of America, Inc. Management and bookkeeping fees charged by VOA to the Embassy property totaled \$17,406 for the year ended June 30, 2018. In addition to management and bookkeeping fees, VOA paid certain expenses, including salaries, on behalf of the property; these expenses totaled \$114,621. At June 30, 2018, Embassy owed VOA \$27,219, which is included in other current assets.

VOA, in connection with McAdoo Services Corporation, manages the McAdoo property and project to facilitate the development and provision of affordable housing and humanitarian services to qualified individuals in residence. Management fees charged by the VOA to the McAdoo property totaled \$17,042. In addition, VOA paid certain expenses, including salaries, on behalf of the property and project; these expenses totaled \$42,442. At June 30, 2018, the project owed VOA \$4,408, which is included in other current assets. VOA leases office space from the McAdoo property to operate housing programs. Office rent expense totaled \$12,689 for the current year. VOA also subsidizes rent clients who lease apartments at the McAdoo property. Rent subsidy expenses paid to McAdoo totaled \$120,145 for the current year.

VOA has a \$200,000 note receivable with Renaissance Neighborhood Development Corporation, which is affiliated with Volunteers of America of Greater New Orleans. No repayment or advances have been made during the year ended June 30, 2018. See Note 6.

Note 16 Compensated Absences - Accrued Leave

Employees may accrue up to 160 hours of vacation leave each year. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 160 hours. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

At June 30, 2018 the approximate amount of accumulated and vested employee leave benefits was \$210,288, which is included in accrued expenses.

Note 17 Accrued Expenses

At June 30, 2018, accrued expenses consisted of the following:

Accrued payroll	\$ 414,788
Accrued annual leave payable	210,288
Accrued expenses	178,181
Total	<u>\$ 803,257</u>

Note 18 Contingencies

As noted in Note 9, VOA has a conditional grant for \$390,000 and a promissory note outstanding for \$250,000 that will not have to be repaid as long as VOA complies with the stipulated terms of these two agreements. In the event VOA does not comply, they will be liable to repay these amounts.

The VOA is part of a multi-employer defined benefit pension plan that is currently underfunded. The unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to help fund the shortfalls. As of June 30, 2018, the liability, if any, of Volunteers of America of North Louisiana cannot be determined.

The VOA participates in a number of federally assisted grant programs. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants. VOA management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

On July 14, 2017 the Rural Veterans Coordination Pilot federal award program was closed out. A Telemed van in the amount of \$143,478 was purchased with grant funds in May 2015. The net book value of the van as of June 30, 2018 was \$52,608. The van may either be sold and the proceeds remitted to the federal awarding agency, used for the same or a similar function, or returned to the federal awarding agency. Management is in the process of evaluating the best course of action.

Net client service revenue related to Medicaid is reported at the estimated net realizable amounts from third-party payors and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Note 19 Endowments

The Organization has permanently restricted funds, temporarily restricted funds, and unrestricted-board designated funds established for a variety of purposes.

Interpretation of Relevant Law

The Organization accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the State of Louisiana. The Organization seeks to preserve the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor agreement at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as either temporarily restricted based on donor-imposed restrictions for use or unrestricted – board designated net assets until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor restricted endowment fund.
3. General economic conditions.

4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Return Objectives, Risk Parameters, and Spending Policy

The Organization invests its funds in companies and opportunities whose operational philosophy and management activities are consistent with the overall mission and objectives of the Organization. The primary objective is the long-term growth of the fund's assets. It is recognized that short-term fluctuations may result in the loss of capital earned on occasion. However, in the absence of contributions and withdrawals, the asset value of the funds should grow in the long run and earn rates of return greater than those of an appropriate market index, while avoiding excess risk. The next objective is the preservation of purchasing power. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation. The final objective is to preserve the value of the assets by earning a positive return over the investment time horizon. The Organization has adopted the Total Return Concept to determine dollars available for distribution. This concept is based on a three year rolling semi-annual average of asset values. An annual distribution of 3% to 5% is to be determined.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that is balanced between equity-based investments and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficits

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to maintain as a fund of perpetual duration. Deficiencies of this nature are required to be reported in unrestricted net assets. There were no such deficiencies at June 30, 2018.

Composition

Endowment net assets composition by type of fund as of June 30, 2018 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Funds				
Donor Restricted	\$ -	\$ 414,004	\$ 1,679,765	\$ 2,093,769
Board Designated	<u>770,750</u>	<u>-</u>	<u>-</u>	<u>770,750</u>
Total Endowment Funds	<u>\$ 770,750</u>	<u>\$ 414,004</u>	<u>\$ 1,679,765</u>	<u>\$ 2,864,519</u>

A reconciliation of the beginning and ending balances of endowment funds as of June 30, 2018 is as follows:

Balance, Beginning	\$ 753,527	\$ 392,143	\$ 1,641,265	\$ 2,786,935
Contributions	-	-	38,500	38,500
Investment Income	51,208	82,070	-	133,278
Distributions	<u>(33,985)</u>	<u>(60,209)</u>	<u>-</u>	<u>(94,194)</u>
Balance, Ending	<u>\$ 770,750</u>	<u>\$ 414,004</u>	<u>\$ 1,679,765</u>	<u>\$ 2,864,519</u>

Note 20 Subsequent Events

The note receivable for funds advanced to a related party in the amount of \$200,000 has a due date of November 2018. See Note 6. Management is in negotiations with the related party to extend or convert the note.

The VOA has evaluated subsequent events through November 6, 2018, the date which the financial statements were available to be issued.

Additional Information

Volunteers of America of North Louisiana

Shreveport, Louisiana

Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Total Federal Expenditures	Pass-Through to Subrecipients
U.S. Department of Agriculture Food and Nutrition Service				
<u>Passed through Louisiana Department of Education-CACFP</u>				
Child and Adult Care Food Program - ADHC	10.558	2014-062	\$ 9,296	\$ -
Child and Adult Care Food Program - ADHC	10.558	2006-079764676	26,300	
Total Child and Adult Care Food Program			<u>35,596</u>	
U.S. Department of Health and Human Services				
<u>Passed through the National Council on Aging</u>				
Medicare Enrollment Assistance Program	93.071	929	46,600	
<u>Passed through the Central Louisiana Human Services District</u>				
Projects for Assistance in Transition from Homelessness	93.150	2000289193	60,668	
<u>Passed through the Louisiana Department of Children and Family Services</u>				
Promoting Safe and Stable Families - Child Welfare Family Resource Center	93.556	732871	87,290	
Promoting Safe and Stable Families - Child Welfare Family Resource Center	93.556	1000160252	200,846	
Total Promoting Safe and Stable Families			<u>288,136</u>	
<u>Passed through the Central Louisiana Human Services District</u>				
Block Grants for Community Mental Health Services - Elig Assist Reg VI	93.958	2000296501	52,588	
Block Grants for Community Mental Health Services - ACOS	93.958	2000290100	65,862	
Block Grants for Community Mental Health Services - Transitional Living	93.958	2000289214	132,640	
Block Grants for Community Mental Health Services - PSH	93.958	200310058	1,448	
<u>Passed through the Northwest Louisiana Human Services District</u>				
Block Grants for Community Mental Health Services - GAPS	93.958	2000292754	154,681	
Block Grants for Community Mental Health Services - SHOC	93.958	2000292016	39,143	
Total Block Grants for Community Mental Health			<u>446,362</u>	
U.S. Department of Homeland Security				
<u>Passed through the United Way of Northwest Louisiana</u>				
Emergency Food and Shelter National Board Program	97.024	356400-022	16,000	
<u>Passed through National Council of the US, Society of St. Vincent De Paul, Inc.</u>				
Disaster Assistance Projects	97.088	DSD 2016-2	27,464	
U.S. Department of Housing and Urban Development				
<u>Direct Awards</u>				
Continuum of Care Program - GAPS (Congregate)	14.267	LA0039L6H021710	168,442	
Continuum of Care Program - GAPS (Congregate)	14.267	LA0039L6H021609	135,820	
Continuum of Care Program - SHOC (Scattered)	14.267	LA0046L6H021710	43,356	
Continuum of Care Program - SHOC (Scattered)	14.267	LA0046L6H021609	573,416	
Continuum of Care Program - Supportive Permanent Housing	14.267	LA0141L6H071609	108,247	
Continuum of Care Program - Supportive Permanent Housing	14.267	LA0141L6H071508	34,758	
Continuum of Care Program - Supportive Permanent Housing	14.267	LA0188L6H071603	13,370	
Continuum of Care Program - Supportive Permanent Housing	14.267	LA0188L6H071502	10,782	
Continuum of Care Program - Rapid Rehousing 1	14.267	LA0266L6H071601	36,214	27,989
Continuum of Care Program - Rapid Rehousing 2	14.267	LA0288L6H071600	18,307	
Total Continuum of Care Program			<u>1,142,712</u>	<u>27,989</u>
<u>Passed through City of Bossier City, Louisiana</u>				
Community Development Block Grants - Lighthouse Bossier City	14.218	B-17-MC-22-0009	10,500	
<u>Passed through City of Shreveport, Louisiana</u>				
Community Development Block Grants - Communities in Schools	14.218	2017-PS-002	29,945	
Total Development Block Grants			<u>40,445</u>	

(Continued on next page)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Total Federal Expenditures	Pass-Through to Subrecipients
U.S. Department of Labor				
<u>Passed through City of Shreveport, Louisiana</u>				
WIA/WIOA Cluster				
WIA/WIOA Youth Activities - Academic Preparation	17.259	K1701	91,800	
Total WIA/WIOA Cluster			91,800	
U.S. Department of Transportation				
<u>Passed through Louisiana Department of Transportation & Development</u>				
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assista	20.513	ED-16-99-15	101,831	
Total Transit Services Programs Cluster			101,831	
U.S. Department of Veteran Affairs				
<u>Direct Awards</u>				
VA Homeless Providers Grant and Per Diem Program - Transitional Housing	64.024	08-853-LA	182,611	
VA Homeless Providers Grant and Per Diem Program - Transitional Housing	64.024	VOAA820-0435-667-SI-18-0	510,467	
<u>Passed through the Volunteers of America of Greater New York</u>				
VA Homeless Providers Grant and Per Diem Program - Safe Haven	64.024	GS-02F-097AA	635,992	
Total VA Homeless Providers Grant and Per Diem Program			1,329,070	
<u>Passed through the Volunteers of America of Greater New Orleans</u>				
VA Supportive Services for Veteran Families Program	64.033	12-LA-038	594,239	
<u>Direct Awards</u>				
Veterans State Adult Day Health Care	64.026	PADHC6670005	167,352	
<u>Direct Awards</u>				
Grants for the Rural Veterans Coordination Pilot - RVCP	64.038	2014-RVCP-68	33,601	
Total expenditures of federal awards			\$ 4,421,876	\$ 27,989

See Independent Auditor's Report.

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2018

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Volunteers of America of North Louisiana (the VOA) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the VOA, it is not intended to and does not present the financial position or changes in net assets of the VOA.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The VOA has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 3 Matching Requirements

Certain federal programs require the VOA to contribute non-federal funds (matching funds) to support the federally-funded programs. The VOA has met its matching requirements. The Schedule does not include the expenditure of non-federal funds.

Note 4 Noncash Award

The U.S. Department of Transportation Capital Assistance reported on the schedule is related to the award of two 12-passenger buses and is valued at the assessed value provided by the federal agency.

Volunteers of America of North Louisiana

Shreveport, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Agency Head Name: Charles Meehan

Purpose	Amount
Salary	\$ 90,246
Benefits-insurance	14,061
Benefits-retirement	25,207
Cell phone	900
Vehicle rental	149
Reimbursements	22,167
Travel	5,188
Conference travel	304
Housing	68,500
Special meals	2,818
Other (including payments made by other parties on behalf of the agency head)	712



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

To the Board of Directors
Volunteers of America of North Louisiana
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Volunteers of America of North Louisiana (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Volunteers of America of North Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America of North Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America of North Louisiana'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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America of North Louisiana's consolidated 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*.

We noted certain matters that we reported to management of Volunteers of America of North Louisiana in a separate letter dated November 6, 2018.

Volunteers of America of North Louisiana's Response to Findings

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

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
November 6, 2018



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

To the Board of Directors
Volunteers of America of North Louisiana
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Volunteers of America of North Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America of North Louisiana's major federal programs for the year ended June 30, 2018. Volunteers of America of North Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Volunteers of America of North Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
November 6, 2018

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

Schedule of Findings and Questioned Costs
June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Compliance and internal control over financial reporting:	
Significant deficiency(ies) identified?	No
Material weakness(es) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Significant deficiency(ies) identified?	No
Material weakness(es) identified?	No

A separate management letter was issued on November 6, 2018

Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	
	No

Identification of major programs:

CFDA Number	Name of Program or Cluster
64.024	VA Homeless Providers Grant and Per Diem Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2018–001 Pledges Receivable

Criteria:

Per VOA’s policy pledges should be recorded over a maximum of five years in an amount based on payment history. The pledge receivable listing should accurately reflect promises to give and should not include duplicate pledges.

Condition:

During testing of pledges receivable, it was noted that two significant pledges were not recorded in accordance with the entity’s policy. It was also noted that when one donor converted an existing pledge to a different type in the current year it was recorded as an additional pledge instead of replacing the existing pledge.

Effect:

Pledges receivable and related revenue may be misstated.

Cause:
Unknown.

Recommendation:

We recommend that pledges receivable be reviewed for accuracy and to ensure they are properly recorded in accordance with the entity's policy. We also recommend that a search for existing pledges be performed when recording donor pledges to avoid the possibility of recording duplicate pledges.

Views of Responsible Officials:

Management has found minimal authoritative guidance related to revenue recognition for lifetime promises to give. We do recognize the need to clearly define and consistently apply our policy to ensure accurate recording of pledges. We will implement a corrective action immediately. Please refer to the corrective action plan.

2018-002 Allowance for Pledges

Criteria:

The estimate of the allowance for uncollectible pledges should be consistently applied and include consideration of collection history.

Condition:

During testing of the allowance for uncollectible pledges, it was noted that the estimation of the allowance is not consistently applied to all pledges.

Effect:

The allowance for uncollectible pledges may not be a reasonably accurate estimate of pledges that will be collected.

Cause:

There are no established written policies and procedures in place specifically addressing estimating the allowance for uncollectible pledges.

Recommendation:

We recommend that a formal written policy related to the allowance for uncollectible pledges be established, approved by the Finance Committee, and consistently applied to pledges receivable. We also recommend that the allowance estimate take into consideration collection history on pledges receivable.

Views of Responsible Officials:

Management recognizes the need to accurately estimate collectability of pledges, and we will implement corrective action immediately. Please refer to the corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

Corrective Action Plan
June 30, 2018

Financial Statement Findings Reported in Accordance with Governmental Auditing Standards

2018-001 Pledges Receivable

Condition:

During testing of pledges receivable, it was noted that two significant pledges were not recorded in accordance with the entity's policy. It was also noted that when one donor converted an existing pledge to a different type in the current year it was recorded as an additional pledge instead of replacing the existing pledge.

Corrective action planned:

Management will clarify our current revenue recognition policy related to pledges and obtain Finance Committee approval of the policy. Existing pledges will be reviewed to ensure they are recorded in accordance with the policy.

Persons responsible for corrective action:

Jennifer Trowbridge, Controller

Anticipated completion date:

November 30, 2018

2018-002 Allowance for Pledges

Condition:

During testing of the allowance for uncollectible pledges, it was noted that the estimation of the allowance is not consistently applied to all pledges.

Corrective action planned:

Management will document our policy for calculating the allowance for uncollectible pledges and obtain Finance Committee approval of the policy. The calculation method outlined in the policy will include consideration of pledge payment history.

Persons responsible for corrective action:

Jennifer Trowbridge, Controller

Anticipated completion date:

November 30, 2018

Federal Award Findings and Questioned Costs

None

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

Summary Schedule of Prior Audit Findings
June 30, 2018

Financial Statement Findings Reported in Accordance with Governmental Auditing Standards

2017-001 Time Entry and Medicaid Billing

Fiscal Year in Which the Finding Initially Occurred: 2017

Criteria:

Each entry entered into the Medicaid services software should correspond to time entered into the time entry system.

Condition:

During testing over Behavioral Health Medicaid revenue it was noted that for twelve (12) of the seventy nine (79) transactions tested, services entered into the Medicaid services software did not correspond to time entered into the time entry system.

Status:

Corrective action was implemented. The clinicians with the assistance of our Quality Assurance personnel were able to identify reconciling items and document variances on a corrective action form. This has resulted in more awareness of the importance of accurately reporting time and services entered into the Medicaid services software by our clinicians and supervisors in this area. This awareness has decreased the frequency of errors found during the reconciliation process. We will continue to implement and follow the action plan and make improvements to our process in order to more accurately reconcile and report Medicaid services and time.

Federal Award Findings and Questioned Costs

2017-002 Payroll Charges

Fiscal Year in Which the Finding Initially Occurred: 2017

Federal Program and CFDA#

Continuum of Care Program, CFDA # 14.267

Condition:

During testing of time and attendance records supporting charges to a non-federal program, it was noted that time for an employee whose time was split between a federal and a non-federal program was not correctly allocated between the federal and non-federal programs in the time entry system. As a result, the federal program was over reimbursed. The employee's salary should have been allocated between the programs based on the employee's time spent on each activity.

Status:

Corrective action was partially implemented. The clinicians with the assistance of our Quality Assurance personnel were able to identify reconciling items and document variances on a corrective action form. This has resulted in more awareness of the importance of accurately reporting time and services entered into the Medicaid services software by our clinicians and supervisors in this area. This awareness has decreased the frequency of errors found during the reconciliation process. We will continue to implement and follow the action plan and make improvements to our process in order to more accurately reconcile and report Medicaid services and time.

2017-003 Training, Case Files and Eligibility Documentation

Fiscal Year in Which the Finding Initially Occurred: 2017

Federal Program and CFDA#

Disaster Assistance Projects, CFDA # 97.008

Condition:

During testing of client case files the following items were noted. Evidence of training was not on file and could not be provided for the five out of five disaster case managers. One of the forty files tested did not contain a Release of Information (ROI). Two of the forty files tested did not contain a Duplication of Benefits (DOB). These forms could not be located. For the two cases that did not contain a Duplication of Benefits form, it could not be determined that benefits are in compliance with the requirements of the program and there is no duplication of benefits

Status:

Corrective action was taken. We continue to follow the action plan and procedures outlined in the Schedule of Findings and Questioned Costs for Fiscal Year 2017.



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Management Letter

To the Board of Directors
Volunteers of America of North Louisiana
Shreveport, Louisiana

We have audited the consolidated financial statements of Volunteers of America of North Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated November 6, 2018. 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 and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated November 6, 2018, and our report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated November 6, 2018.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls:

MLC 2018-001 Suspension and Debarment Compliance Requirement

Year of Origination – June 30, 2018

Observation:

Non-Federal entities are prohibited from contracting with or making subawards to parties suspended or debarred from receiving federal funds. For all vendors that are expected to be paid \$25,000 or more and all subawards, Volunteers of America of North Louisiana must verify that the vendor or subrecipient is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available on the internet at sam.gov, collecting a certification from the entity, collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

Volunteers of America of North Louisiana did not retain documentation of the verifications performed for vendors paid over \$25,000 in federal award funds. The entity does not have documentation on file demonstrating compliance with the requirement. The entity does not have policies and procedures in place requiring documentation demonstrating compliance be retained.

Recommendations:

We recommend that the entity retain documentation of verifications performed for vendors expected to be paid \$25,000 or more in federal funds and all subrecipients to ensure they are not suspended or debarred.

Views of responsible officials and corrective actions:

Management acknowledges and agrees with the auditor recommendations. For vendors/subrecipients with expenses exceeding \$25,000 in federal programs, we will develop a process for documenting annual verification that the vendor/subrecipient is not on the Excluded Parties List System. For new vendor/subrecipient contracts in excess of \$25,000 in federal programs, including renewals, we will obtain certification the entity is not suspended or debarred or otherwise excluded from participating in the transaction.

We recommend management address the foregoing issue as an improvement to operations and the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

This report is intended solely for the information and use of the Board of Directors of Volunteers of America, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
November 6, 2018

**Volunteers of America of North Louisiana
Shreveport, Louisiana**

STATEWIDE AGREED-UPON PROCEDURES REPORT

For the fiscal period July 1, 2017 through June 30, 2018



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Volunteers of America of North Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Volunteers of America of North Louisiana ("VOANL") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 2 (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. VOANL'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. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were identified as a result of applying the procedure.
 - 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.
Results: No exceptions were identified as a result of applying the procedure.
 - c) ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were identified as a result of applying the procedure.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

- 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.

Results: No exceptions were identified as a result of applying the procedure.

- 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 of statements, and (5) monitoring card usage.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

- 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.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

Board of Directors

- 2. Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed that the board met with a quorum at least monthly, or on a frequency in accordance with the board's bylaws.

Results: No exceptions were identified as a result of applying the procedure.

- b) For those entities reporting on the non-profit accounting model – Observed that the minutes referenced or included financial activity relating to public funds. (if those public funds comprised more than 10% of the entity's collections during the fiscal period)

Results: No exceptions were identified as a result of applying the procedure.

Bank Reconciliations

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

Results: Obtained a listing of client bank accounts and management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Results: No exceptions were identified as a result of applying the procedure.

- b) Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

Results: No exceptions were identified as a result of applying the procedure.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were identified as a result of applying the procedure.

Collections

- 4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected five deposit sites (or all deposit sites if less than five).

Results: Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.

- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures – inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

Results: Obtained a listing of collection locations and management's representation that the listing is complete.

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

Results: No exceptions were identified as a result of applying the procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

7. Determined that only two of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above have cash deposits. Randomly selected five deposit dates for each of these two bank accounts (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Obtained supporting documentation for each of the ten deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
Results: No exceptions were identified as a result of applying the procedure.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Results: No exceptions were identified as a result of applying the procedure.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
Results: No exceptions were identified as a result of applying the procedure.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).
Results: We were unable to observe that the deposit was made within one business day of receipt at the collection location because the collection location does not document the date of receipt.
 - e) Traced the actual deposit per the bank statement to the general ledger.
Results: No exceptions were identified as a result of applying the procedure.

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

8. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
Results: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.
9. Using the listing prepared by management, randomly selected five cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:
Results: No exceptions were identified as a result of applying the procedure.
 - a) Observed that 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.
Results: No exceptions were identified as a result of applying the procedure.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
Results: No exceptions were identified as a result of applying the procedure.

10. Using the monthly statements or combined statements selected under #9 above, excluding fuel cards, randomly selected ten transactions (or all transactions if less than ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions were identified as a result of applying the procedure.

Payroll and Personnel

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

Results: Obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete.

12. Randomly selected one pay period during the fiscal period. For the five employees selected under #11 above, obtained attendance records and leave documentation for the pay period, and:

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

14. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Other

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

Results: Management represented that there had been no misappropriations of public funds or assets during the fiscal year.

16. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were identified as a result of applying the procedure.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
December 19, 2018



Volunteers of America®
NORTH LOUISIANA

December 19, 2018

Louisiana Legislative Auditor
1600 North 2nd St
PO Box 94397
Baton Rouge, LA 70804-9397

AND

Carr, Riggs, & Ingram
1000 East Preston Ave, Suite 200
Shreveport, LA 71105

RE: Management Response to Agreed-Upon Procedures

Volunteers of America of North Louisiana has reviewed the Independent Accountant's report on applying agreed-upon procedures and is in agreement with the report as provided by Carr, Riggs, & Ingram. Management has made note of these results and will investigate areas in need of process improvements.

Respectfully,

Jennifer Trowbridge
Controller
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