

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.

Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditor's Report</u>	1 - 2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
<u>Supplementary Information</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head	10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> Standards	11 - 13
Schedule of Findings and Questioned Costs	14

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Mercy Endeavors, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

To the Board of Trustees of
Mercy Endeavors, Inc.
December 28, 2017

by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 28, 2017

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IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 31,509
Grants receivable - CDBG Grant	<u>25,951</u>
<i>Total Current Assets</i>	<u>57,460</u>

PROPERTY AND EQUIPMENT

Land	665,167
Equipment	80,441
Building	<u>2,378,380</u>
	3,123,988

Less: Accumulated depreciation 11,250

Total Property and Equipment 3,112,738

Total Assets \$3,170,198

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Other liabilities \$ 63,437

Total Liabilities 63,437

NET ASSETS

Unrestricted 3,106,761

Total Net Assets 3,106,761

Total Liabilities and Net Assets \$3,170,198

See accompanying notes to financial statements.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2017

	<u>Unrestricted</u>
<u>REVENUE, SUPPORT, AND GAINS</u>	
Grant - Capital Outlay	\$ 491,124
Grant - CDBG	56,346
Grant - NOCOA	44,402
Contributions	<u>16,437</u>
<i>Total Revenue, Support, and Gains</i>	<u>608,309</u>
<u>EXPENSES</u>	
Program Services:	
Elderly Resource Center	<u>113,827</u>
Supporting Services:	
Management and general	<u>0</u>
<i>Total Expenses</i>	<u>113,827</u>
<u>CHANGE IN NET ASSETS</u>	494,482
Unrestricted Net Assets - Beginning of year	<u>2,612,279</u>
Unrestricted Net Assets - End of year	<u>\$3,106,761</u>

See accompanying notes to financial statements.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	<u>Elderly Resource Center</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 93,607	\$ 0	\$ 93,607
Payroll taxes	<u>7,161</u>	<u>0</u>	<u>7,161</u>
<i>Total Employee Compensation</i>	100,768	0	100,768
Depreciation	11,250	0	11,250
Miscellaneous	<u>1,809</u>	<u>0</u>	<u>1,809</u>
<i>Total Expenses</i>	<u>\$113,827</u>	<u>\$ 0</u>	<u>\$113,827</u>

See accompanying notes to financial statements.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$494,482
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	11,250
Decrease in grants receivable	6,177
(Decrease) in accounts payable	<u>(21,936)</u>
 Net Cash Provided by Operating Activities	 <u>489,973</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(521,901)
 Net Cash (Used for) Investing Activities	 <u>(521,901)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in other liabilities	<u>63,437</u>
 Net Cash Provided by Financing Activities	 <u>63,437</u>

Net Increase in Cash and Cash Equivalents	31,509
 Cash and Cash Equivalents -	
Beginning of Year	<u>0</u>
End of Year	<u>\$ 31,509</u>

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for -	
Interest	\$ <u>0</u>
Income tax	\$ <u>0</u>

See accompanying notes to financial statements.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

A. Organization and Summary of Significant Accounting Policies

The Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. (the "Center") is a department of Mercy Endeavors, Inc. Mercy Endeavors, Inc. was incorporated as a nonprofit organization. The Center encourages older adults to live life to the fullest by supporting their independence, self-respect, and vitality through social engagement, physical activity, education and recreation. The Center receives a majority of its funding from the State of Louisiana.

Significant accounting policies followed by the Center are summarized as follows:

Basis of Presentation

The financial statements include the activity of the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. Because the statements present only a portion of the operations of Mercy Endeavors, Inc., it is not intended to, and does not, present the financial position, changes in net assets, functional expenses or cash flows for Mercy Endeavors, Inc.

The Center reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use by the Organization has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes.

The Center has no temporarily or permanently restricted assets, liabilities, or activities.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Center considers unrestricted highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2017

Organization and Summary of Significant Accounting Policies
(Continued)

Grants Receivable

Grants receivable consist of cost reimbursement amounts from grant agreements management expects to collect from outstanding balances. Management closely monitors outstanding balances and writes off, as of year-end, all balances past due after a certain period of time for which all collection efforts have been exhausted.

No allowance for uncollectible grants has been provided since there is no history of bad debts and management believes all receivables are collectible at the balance sheet date.

At June 30, 2017 \$25,951 of grants receivable were over 90 days old. The receivables were collected subsequent to year end.

Property and Equipment

Property and equipment greater than \$1,000 are capitalized at their purchase price, or in the case of a contributed asset, at the estimated fair market value at the date of receipt. Depreciation is computed using the straight line method over the following estimated useful life:

Buildings	40 years
Furniture and equipment	10 years

Contributed Support

In accordance with U.S. generally accepted accounting principles, the Center recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support.

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2017

Organization and Summary of Significant Accounting Policies
(Continued)

Income Taxes

The Center is a part of Mercy Endeavors, Inc. which was organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended and is therefore of tax-exempt status. The Center's financial information is included in Mercy Endeavors, Inc.'s tax filing.

Subsequent Events

Subsequent events have been evaluated through December 28, 2017, which is the date the financial statements were available to be issued.

B. Other Liabilities

Mercy Endeavors, Inc. advanced the Center \$63,437 during 2017. The funds were used to cover program costs until reimbursement is received.

C. Concentrations

Cash

The Center maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Center had no cash in excess of federally-insured limits at June 30, 2017.

Revenue

The Center received 97% of its funding through the State of Louisiana.

Geographic Area

The Center conducts its operations solely in New Orleans, Louisiana, and therefore is subject to risks from changes in local and state economic conditions. A downturn in the local economy could cause a decrease in contributions and/or grants concurrently with an increase in community need for the Center's services.

SUPPLEMENTARY INFORMATION

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2017

Agency Head: Sister Jane Briseno, RSM

Salary	\$ 0
Benefits - Insurance	0
Reimbursements	<u>0</u>
Total	\$ <u>0</u>

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

The Board of Trustees of
Mercy Endeavors, Inc.
New Orleans, 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 financial statements of the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc.'s (the "Center") internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly we do not express an opinion on the effectiveness of the Center'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

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**The Board of Trustees of
Mercy Endeavors, Inc.
December 28, 2017**

a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

Reference #2017-001

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain 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*.

The Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. Response to Findings

The Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center'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.

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CERTIFIED PUBLIC ACCOUNTANTS**

The Board of Trustees of
Mercy Endeavors, Inc.
December 28, 2017

Purpose of this Report

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

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 28, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

IRISH CHANNEL ST. ANDREW STREET ELDERLY
RESOURCE CENTER OF MERCY ENDEAVORS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. were prepared in accordance with GAAP.
2. A significant deficiency relating to the lack of segregation of duties over the disbursement process is reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. were disclosed during the audit.

FINDING

2017-001 Lack of segregation of duties over cash disbursements.

The Executive Director has authority to authorize, approve, and record transactions as well as enter them into the computer system, and print and sign checks.

MANAGEMENT'S RESPONSE

2017-001 Due to the small staff size, the Center mitigates the less than optimal segregation of duties with active board oversight and bank reconciliations performed by the Finance Consultant.

PACIERA, GAUTREAU & PRIEST, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Irish Channel St. Andrew Street Elderly Resource Center of Mercy Endeavors, Inc. (the "Center") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Center's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the Center and LLA. 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:

Procedure 1: Obtained the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:

Page 2

- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Center does not have policies and procedures covering Payroll/Personnel and Contracting. The Center does not have policies and procedures covering all elements required of Purchasing and Travel & Expense Reimbursement. Note: Credit Cards, Ethics, and Debt Service requirements are not applicable.

Management's Response: Policies and Procedures will be developed for Payroll/Personnel and Contracting. The Center's policies and procedures covering Purchasing and Travel & Expense Reimbursement will be amended to address items not covered.

Board (or Finance Committee, if applicable):

Procedure 2: Obtained and reviewed the board/committee minutes for the fiscal period, and:

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:

Page 3

- a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: No exceptions were noted as a result of applying these procedures.

Bank Reconciliations:

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 4: Used the listing provided by management, selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and report whether:

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 4

a) Bank reconciliations have been prepared;

Results: No exceptions were noted as a result of applying these procedures.

b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: There was no evidence of the bank reconciliations being reviewed by management or a board member (with no involvement in transactions).

Management's Response: Management will develop procedures for the review and approval of monthly bank reconciliations management or a board member (with no involvement in the transactions associated with the bank account) moving forward after they are reconciled by the Finance Consultant.

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: No exceptions were noted as a result of applying these procedures.

Collections:

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 6: Used the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change

**To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 5**

in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: No exceptions were noted as a result of applying these procedures.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: No exceptions were noted as a result of applying these procedures.

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

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

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

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

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

Results: No exceptions were noted as a result of applying these procedures.

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

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Results: No exceptions were noted as a result of applying these procedures.

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

Results: The Executive Director can initiate purchase orders and also approved them.

Management's Response: Management will develop procedures for approval of purchase orders initiated by the executive director.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: No exceptions were noted as a result of applying these procedures.

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

Results: The person responsible for processing payments is also able to add vendors to the entity's purchasing/disbursement system.

Management's Response: Management will develop procedures to segregate these duties.

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

Results: The person with signatory authority can initiate and record purchases.

Management's Response: Management will develop procedures to segregate these duties.

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 13: If a signature stamp or signature machine is used, inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: No exceptions were noted as a result of applying these procedures.

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

Procedure 14: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

Results: Not Applicable - The Center does not have any credit cards.

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

**To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 9**

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

- a) Reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: Not Applicable - The Center does not have any credit cards.

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

Results: Not Applicable - The Center does not have any credit cards.

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

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Results: Not Applicable - The Center does not have any credit cards.

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

Results: Not Applicable - The Center does not have any credit cards.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Not Applicable - The Center does not have any credit cards.

Travel and Expense Reimbursement:

Procedure 17: Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtained management's representation that the listing or general ledger is complete.

Results: Not Applicable - The Center did not have any reimbursement transactions.

Procedure 18: Obtained the entity's written policies related to travel and expense reimbursements. Compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: Not Applicable - The Center did not have any reimbursement transactions.

Procedure 19: Used the listing or general ledger from procedure 17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

Results: Not Applicable - The Center did not have any reimbursement transactions.

- b) Reported whether each expense was supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: Not Applicable - The Center did not have any reimbursement transactions.

- c) Compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Not Applicable - The Center did not have any reimbursement transactions.

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

Results: Not Applicable - The Center did not have any reimbursement transactions.

Contracts:

Procedure 20: Obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtained management's representation that the listing or general ledger is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 21: Used the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:

- a) Reported whether there was a formal/written contract that supported the services arrangement and the amount paid.

Results: No exceptions were noted as a result of applying these procedures.

- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

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

Results: No exceptions were noted as a result of applying these procedures to the formal/written contracts.

- c) Reported whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Results: No exceptions were noted as a result of applying these procedures.

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compare the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying these procedures.

- e) Obtained/reviewed contract documentation and board minutes and reported whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: Not applicable, board approval is not required by policy or law.

Payroll and Personnel:

Procedure 22: Obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Results: No exceptions were noted as a result of applying these procedures.

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 23: Obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

- c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 15**

Results: No exceptions were noted as a result of applying these procedures.

Procedure 24: Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Not applicable - No terminated employees during the fiscal period.

Procedure 25: Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: No exceptions were noted as a result of applying these procedures.

Ethics (excluding nonprofits):

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

Results: Not Applicable - the entity is a nonprofit.

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

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 16

management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: Not Applicable - the entity is a nonprofit.

Debt Service (excluding nonprofits):

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

Results: Not Applicable - the entity is a nonprofit.

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

Results: Not Applicable - the entity is a nonprofit.

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

Results: Not Applicable - the entity is a nonprofit.

Other:

Procedure 31: Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 32: Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at

To the Board of Directors of Mercy Endeavors, Inc.
and the Louisiana Legislative Auditor:
Page 17

www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The notice required by R.S. 24:523.1 is not posted on the Center's premises or website.

Management's Response: Management will post the notice on the premises and website.

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

Results: No exceptions were noted as a result of applying these procedures.

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*. 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.

Pacera, Gauthreaux & Priest LLC

Metairie, Louisiana
December 29, 2017