

SPARK Life Services
Financial Statements
For the year ended June 30, 2017

SPARK Life Services
For the year ended June 30, 2017

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WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SPARK Life Services ("Association"), which comprise the statement of financial position as of and for the year ended June 30, 2017, and the related statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditor's 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 auditor's 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.

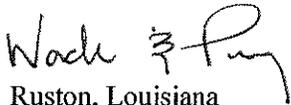
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association, as of June 30, 2017, and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2017, on our consideration of the Company'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 the 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 Company's internal control over financial reporting and compliance.



Ruston, Louisiana
October 23, 2017

SPARK Life Services
Statement of Financial Position
As of June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$77,272
Accounts receivable	52,556
Inventories	1,475
Prepaid expenses	0
Total current assets	<u>131,303</u>

Noncurrent assets:

Property, buildings, furniture & equipment, net of accumulated depreciation	139,196
Deposits	704
Total noncurrent assets	<u>139,900</u>

Total Assets	<u>\$271,203</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$6,309
Payroll withholdings payable	1,968
Accrued salaries	28,094
Note payable - line of credit	60,227
Total current liabilities	<u>96,598</u>

Net assets:

Unrestricted - undesignated	174,605
Temporarily restricted	0
Permanently restricted	0
Total net assets	<u>174,605</u>

Total Liabilities and Net Assets	<u>\$271,203</u>
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See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Activities
For the Year Ended June 30, 2017

UNRESTRICTED NET ASSETS:

Public Support and Revenue

Public Support:

State contracts	\$555,081
State grants	0
Contributions	1,370
Total Public Support	556,451

Revenue:

Work center sales	43,051
Group home fees	38,880
Fundraising income	398
Membership dues	169
Other income	3,015
Total Revenue	85,513
Total Public Support and Revenue	641,964

Expenses and Losses

Adult services	282,359
Work center	23,967
General and administrative	294,930
Total Expenses	601,256
Operating income	40,708
Gain (loss) on sale of assets	0
Change in net assets	40,708
Net assets as of beginning of year	133,897
Net assets as of end of year	\$174,605

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Cash Flows
For the Year Ended June 30, 2017

<u>Cash flows from Operating activities</u>	
Increase in net assets	\$40,708
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,045
(Increase) decrease in operating assets:	
Accounts receivable	(12,355)
Inventories	(296)
Other assets	218
Increase (decrease) in operating liabilities:	
Accounts payable	(667)
Payroll withholdings payable	(2,396)
Accrued liabilities	2,137
Net cash provided by operating activities	<u>40,394</u>
<u>Capital and related financing activities</u>	
Cash payments for principal	(11,000)
Sale of fixed assets	0
Cash payments for the purchase of property	(5,695)
Net cash provided by investing activities	<u>(16,695)</u>
<u>Noncapital and related financing activities</u>	
None	<u>0</u>
Net increase (decrease) in cash and cash equivalents	23,699
Cash and cash equivalents as of beginning of year	<u>53,573</u>
Cash and cash equivalents as of end of year	<u>\$77,272</u>
 Supplemental Disclosures:	
Cash paid during the year for interest	<u>\$2,895</u>

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Notes to the Financial Statements
For the year ended June 30, 2017

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the SPARK Life Services, in Sarepta, LA. The Association was originally incorporated as a non-profit corporation in accordance with Louisiana Revised Statutes (1950) 12:101-12:155 on October 12, 1961 as the Springhill Association for Exceptional Children. The Association shall enjoy a corporate existence of ninety-nine (99) years. The Association was organized without capital stock with membership evidenced by non-transferable certificates of membership. Each holder of a certificate of membership shall be entitled to one (1) vote.

On March 19, 1965, the charter of the Association was amended changing the name of the Association to the Springhill Association of Retarded Citizens with the following stated purposes:

- * To promote the general welfare of all individuals with mental or physical disabilities.
- * To foster the development of programs in their behalf.
- * To encourage research related to mental retardation.
- * To develop a better understanding of the problems of mental retardation by the public.
- * To cooperate with all public and private groups, agencies, or organizations in the furtherance of these ends.
- * To associate with and support financially the state and national components of the Association to promote the common cause.
- * To serve locally as a clearinghouse for information on mental retardation and its associated problems.
- * To solicit funds for the accomplishment of the above purposes.

The Association shall be administered and directed by a rotating board of directors consisting of no more than fifteen (15) members, each holding office for a term of three (3) years with five (5) directors retiring each year.

On February 23, 1994, the articles of incorporation were amended to change the name of the Association to The ARC of North Webster. On November 4, 2013, the articles of incorporation were amended to change the name of the Association to SPARC Life Services. On January 4, 2017 the articles of incorporation were amended to change the name of the Association to SPARK Life Services.

The Association provides the following services:

Day Habilitation Services are provided to individuals eighteen years old and older that focus on socialization and meaningful age appropriate activities which provide enrichment and promote wellness, as indicated in their person-centered plan.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

Supported Employment Services are conducted in a variety of settings, particularly work sites in which persons without disabilities are employed. Supported employment includes activities needed to sustain paid work by individuals receiving waiver services, including supervision and training.

EPSDT - Attendant services for individuals who are under 21 years of age who are Medicaid eligible and are on the MR/DD Waiver Request for Services Registry.

Long Term Care-Personal Care Services are provided through Louisiana Medicaid for individuals who need assistance with tasks to perform activities of daily living and instrumental tasks of daily living.

Elderly and Disabled Adult Services are available to eligible individuals in their home who demonstrate an inability or impairment to perform self-care activities such as bathing, grooming, food preparation, general household tasks and other activities of daily living.

NOW Waiver Services - Individual Family Supports are direct services provided day or night and assist individuals ages three and older for the relief of the care giver, in and out of the individual's residence, to achieve and/or maintain the outcomes of increased independence, productivity, enhanced family functioning, and inclusion in the community based on his/her person-centered plan.

Supervised Independent Living is also known as companion care services which are delivered in the individual's residence.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958 (formerly SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*).

Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations. Some unrestricted net assets may be designated by the board for specific purposes.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met either by actions of the Association and/or passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Association. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

As of June 30, 2017, the Association had no temporarily or permanently restricted net assets.

D. Cash Equivalents

The Association considers deposits with financial institutions that can be redeemed on demand and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are composed of certificates of deposit with financial institutions having original maturities in excess of three months when purchased and marketable equity securities. The Association accounts for investments at fair value in accordance with FASB ASC 958 (formerly SFAS 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

F. Uncollectible Receivables

The Association uses the allowance method to account for uncollectible accounts receivable.

G. Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out method.

H. Support and Revenue

Annual membership fees and gifts of goods and equipment are recorded as unrestricted support as received unless explicit donor stipulations specify how the donated assets must be used.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

I. Property, Buildings, Furniture, and Equipment

Property, buildings, furniture, and equipment are capitalized at cost. The Association capitalizes assets which have a material cost and a useful life of one year or greater. Lesser amounts, minor replacements, maintenance and repairs are expensed as incurred. When property, buildings, furniture, and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. The Association maintains a threshold level of \$200 or more for capitalizing capital assets.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Buildings	20	years
Furniture and equipment	5-10	years

J. Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. The Association allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

K. Estimates

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

L. Advertising Costs

Advertising and sales promotion costs are expensed as incurred.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

M. Financial Instruments

The Association's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and note payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, and note payable approximate their fair values based on their short-term nature.

2. Cash and Cash Equivalents

At June 30, 2017, the Association has cash and cash equivalents (book balances) totaling \$77,272 as follows:

Demand deposits	\$76,936
Petty cash	<u>336</u>
Total	<u>\$77,272</u>

The Association maintains cash and cash equivalents in two accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000. At June 30, 2017, the Association had collected bank balances on deposit totaling \$80,245 which was fully secured by FDIC insurance.

3. Receivables

Trade receivables that management has the intent and ability to hold to maturity are accounted for at the outstanding principal amount, less any related allowance for doubtful receivables. Accounts receivable at June 30, 2017 are as follows:

Customer trade accounts	\$3,331
Adult day services - sponsoring home	0
State grants	0
State contracts	<u>49,225</u>
	52,556
Allowance for doubtful accounts	<u>0</u>
Total	<u>\$52,556</u>

4. Inventories

Inventories, consisting of oil, tires, and miscellaneous items located at the service station; candles, balloons, foodstuffs, and other miscellaneous items located at the bakeshop; and paper, office supplies, and other miscellaneous items located at the print shop are stated at the lower of cost (first-in, first-out) or market as of June 30, 2017:

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

Bake shop	\$913
Print shop	<u>562</u>
Total	<u>\$1,475</u>

5. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid expenses.

6. Property, Buildings, Furniture and Equipment

As of June 30, 2017, property, buildings, furniture and equipment consist of:

Land	\$7,396
Automobiles	5,500
Buildings and additions	334,726
Furniture and equipment	<u>307,463</u>
Subtotal	655,085
Less accumulated depreciation	<u>(515,889)</u>
Total	<u>\$139,196</u>

Depreciation expense totaled \$13,045 for the year ended June 30, 2017.

7. Line of Credit and Borrowings

The Association has a revolving line of credit with a maximum borrowing limit of \$95,000. The credit line is secured by a first mortgage on property located at 24556 Highway 371 in Springhill, Louisiana. The line of credit is payable upon demand, bears a variable interest rate and matures July 4, 2017. As of June 30, 2017, the Association had an outstanding balance of \$60,227 on this obligation with interest accruing at a rate of 5.5%

8. Income Taxes

The Association is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, except for taxes on unrelated business income. The Association is classified as other than a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2017

9. Contingencies and Concentrations

The Association is not currently named as defendant in any current or pending litigation. The Association's primary source of revenue (87%) is through service contracts with Medicaid and Medicare. Reductions in the rates paid for contracted services or loss of these contracts would adversely affect the Association.

10. Compensated Absences

Association employees are required to take vacation during the two weeks that SPARK is closed each year. Employees are granted 15 days every July 1 and does not accumulate after each year end and is forfeited upon termination. Therefore, no accrual for compensated absences has been reported in the financial statements.

11. Compensation paid to board members

Members of the Board of directors participate on a voluntary basis and receive no compensation for their services.

12. Related party transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended June 30, 2017.

13. Date of Management Review

Subsequent events have been evaluated through October 23, 2017, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTAL DATA

SPARK Life Services
 Schedule of Functional Expenses
 For the Year Ended June 30, 2017

	Program Services		Supporting Services	Total
	Work Center	Adult Services	General & administrative	
Advertising			\$122	\$122
Cost of goods sold	\$17,444			17,444
Depreciation	6,523	\$3,261	3,261	13,045
Dues and subscriptions			15	15
Fundraising expenses				0
Insurance			54,978	54,978
Interest expense			2,895	2,895
Licenses and permits				0
Miscellaneous			2,725	2,725
Office expenses			2,905	2,905
Payroll taxes		21,325	14,216	35,541
Professional services			10,052	10,052
Repairs and maintenance			3,740	3,740
Salaries		244,319	162,879	407,198
Supplies			12,371	12,371
Telephone			6,586	6,586
Transportation expense		13,454	6,642	20,096
Utilities			11,543	11,543
Total Expenses	<u>\$23,967</u>	<u>\$282,359</u>	<u>\$294,930</u>	<u>\$601,256</u>

SPARK Life Services
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Schedule 2

Agency Head Name: Charlotte Thomas

Purpose	Amount
Salary	\$21,585
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	272
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

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

Independent Auditor's Report

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of SPARK Life Services as of and for the year ended June 30, 2017, and the related notes to the consolidated financial statements, which collectively comprise the Association's consolidated financial statements, and have issued our report thereon dated (DATE).

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Association'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Compliance and Other Matters

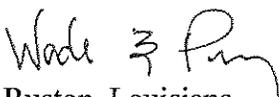
As part of obtaining reasonable assurance about whether Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*.

Entity's Response to Findings

The Association's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Association'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Ruston, Louisiana
October 23, 2017

SPARK Life Services
Summary of Prior Year Findings
For the Year Ended June 30, 2017

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2016-1. Significant deficiency in internal control for disbursements - Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

SPARK Life Services
 Schedule of Findings And Responses
 For the Year Ended June 30, 2017

We have audited the financial statements of SPARK Life Services as of and for the year ended June 30, 2017, and have issued our report thereon dated (DATE). We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance
 For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Uniform Guidance?
 Yes No

Was a management letter issued? Yes No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the audited a "low-risk" audited, as defined by Uniform Guidance? Yes No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

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A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
of SPARK Life Services, LLC and
the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The entity does not have written policies and procedures regarding budgeting.
 - 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.
The entity does not have written policies and procedures regarding purchasing.
 - c) **Disbursements**, including processing, reviewing, and approving
The entity does not have written policies and procedures regarding disbursements.

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

The entity does not have written policies and procedures regarding receipts.

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

The entity provided written policies and procedures that addressed the functions noted above.

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

The entity does not have written policies and procedures regarding contracting.

- 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

The entity does not have written policies and procedures regarding credit cards.

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

The entity does not have written policies and procedures regarding travel and expense reimbursement.

- 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.

The entity is a non-profit; therefore, not applicable.

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

The entity is a non-profit; therefore, not applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board meets monthly in accordance with the Entity's policy.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes did not reference or include monthly budget-to-actual comparisons for any funds.

- 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.

The minutes did not reference or include monthly budget-to-actual comparisons for any funds.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided a listing of bank accounts and management provided representation that the listing is complete.

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

- a) Bank reconciliations have been prepared;

There were four bank accounts, 2 checking and 2 savings. All accounts were reconciled except for 1 savings account.

- 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

There was no 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. However, the bookkeeper stated that she gives the reconciliations to the director and board members to review.

- 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.

Management has not documented on the bank reconciliations that it has researched reconciling items that have been outstanding for more than 6 months.

Collections

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

Management provided a listing of collection locations and management represented that the listing is complete.

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

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is

- (1) bonded, - no employees are 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 – management has asserted that no employee responsible for collecting cash is responsible for the above listed duties

- (3) not required to share the same cash register or drawer with another employee. – management has asserted that workers do not share a cash register

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

There is no written documentation supporting a formal process to reconcile cash collections to the general ledger

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained for the selected cash collections and it was noted that deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections for the week selected are completely supported by documentation.

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

The Entity does not have written documentation that address the functions noted above.

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

Examined supporting documentation for each of the disbursements selected and noted that purchases were initiated using a purchase order system.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

- 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.

Examined supporting documentation for each of the disbursements selected and noted appropriate purchase order and approved invoice.

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

One person responsible for processing payments is allowed to add vendors.

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

One person with signatory authority also has responsibility for initiating purchases.

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

Unused checks are kept in a filing cabinet that can be locked.

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

A signature stamp is not used.

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

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

Obtained listing of all active credit cards and management provided representation that the listing is complete.

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

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

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

Examined supporting documentation for each monthly statement selected and noted approval by someone who is also an authorized card holder.

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

There were no finance charges or late fees assessed.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an original itemized receipt.

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

Each transaction was supported by documentation of the business/public purpose.

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

The Entity does not have written policies and procedures that address the functions noted above.

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

The Entity does not have written policies and procedures that address the functions noted above.

- 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.

On two occasions the Entity purchased gift cards.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

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

The Entity does not have written policies and procedures that address the functions noted above. The travel reimbursements do not exceed the GSA rate.

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

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

The Entity does not have written policies and procedures that address the functions noted above. The travel reimbursements do not exceed the GSA rate.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Expenses selected were reimbursed in accordance with supporting documentation.

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

Documentation of the business purpose noted for each expense reimbursement selected.

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

The Entity does not have written policies and procedures that address the functions noted above.

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

No exceptions noted.

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

All reimbursement requests that were supplied had an approval signature. Several reimbursement requests were not supplied to us for testing. There were a few requests that were not mathematically correct or a different amount was paid than what was shown in the request.

Contracts

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

There were no contracts per management.

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

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were no contracts per management.

b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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

There were no contracts per management.

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

There were no contracts per management.

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

There were no contracts per management.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no contracts per management.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no contracts per management.

Payroll and Personnel

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

Obtained listing of employees with their related salaries and management's representation that the listing is complete.

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

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

There were no changes during the year for the selected employees.

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

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

Documentation of daily attendance and leave was noted for each selected employee.

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

Documentation of supervisor approval for attendance and leave was noted for each selected employee.

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

Documentation of written leave records were maintained for employees selected.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and forms were filed by the required deadlines.

Ethics (excluding nonprofits)

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

The Entity is a nonprofit; therefore, item is not applicable.

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

The Entity is a nonprofit; therefore, item is not applicable.

Debt Service (excluding nonprofits)

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

The Entity is a nonprofit; therefore, item is not applicable.

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.

The Entity is a nonprofit; therefore, item is not applicable.

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

The Entity is a nonprofit; therefore, item is not applicable.

Other

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

Management has asserted that the Entity did not have any misappropriation of public funds or assets during the reporting period.

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

Required notices are posted on the premises.

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

No exceptions noted.

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

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

Wade & Perry

Ruston, LA

December 18, 2017