

DAVID M. HARTT, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

November 11, 2019

Please find the revised audit report for The Southern Center for Children and Families, Inc. I added the “Emphasis of Matter Effect of Adopting New Accounting Standard” to the second page of the opinion letter, added page 6 “Statement of Functional Expenses for the year ended June 30, 2018” and added “functional expenses” to the first paragraph of the Internal Control letter on page 16.

SOUTHERN CENTER
FOR CHILDREN AND FAMILIES, INC.

Financial Statements
For the Years Ended June 30, 2019 and 2018

**SOUTHERN CENTER FOR CHILDREN AND
FAMILIES, INC.**

*Financial Statements
For the Years Ended June 30, 2019 and 2018*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

INDEX

	<u>Page</u>
Independent Auditor's Report -----	1-2
Statements of Financial Position -----	3
Statements of Activities -----	4
Statements of Functional Expenses -----	5-6
Statements of Cash Flows-----	7
Notes to Financial Statements -----	8-13
<u>Supplemental Information</u>	
Schedule of Expenditures of Federal Awards-----	14-15
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 Standards</i> -----	16-17
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance-----	18-19
Schedule of Findings and Questioned Costs-----	20
Schedule of Prior Audit Findings and Questioned Costs-----	21
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer -----	22
Independent Accountant's Report on Applying Agreed-Upon Procedures -----	23-30

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and 2018, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 those 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southern Center for Children and Families, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Effect of Adopting New Accounting Standard

As discussed in Note 1, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, “*Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*”. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center adopted ASU 2016-14 for the year ended June 30, 2019. My opinion is not modified with respect to this matter.

Other Matters

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling 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 my 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*, I have also issued my report dated August 20, 2019, on my consideration of the Southern Center for Children and Families, Inc.’s internal control over financial reporting and on my 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 my 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 Southern Center for Children and Families, Inc.’s internal control over financial reporting and compliance.

David M. Smith, CPA (ISPA)

West Monroe, Louisiana
August 20, 2019

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2019	2018
Current Assets:		
Cash and Cash Equivalents	\$ 66,038	\$ 100,092
Grants Receivable	1,616,290	1,009,816
Other Receivables	68,810	-
Total Current Assets	1,751,138	1,109,908
Property and Equipment:		
Buildings	1,375,000	1,375,000
Furniture and Equipment	206,991	201,042
Computers	90,416	90,416
Vehicles	84,177	79,972
Less: Accumulated Depreciation	(381,499)	(379,416)
Net Property and Equipment	1,375,085	1,367,014
<u>TOTAL ASSETS</u>	\$ 3,126,223	\$ 2,476,922

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 58,321	\$ 63,188
Payroll Liabilities	37,327	30,661
Obligations Under Line of Credit	511,000	564,000
Deferred Revenue	271,079	95,194
Vehicle Loan	56,341	10,217
Total Current Liabilities	934,068	763,260
Net Assets:		
Without Donor Restrictions	2,192,155	1,713,662
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 3,126,223	\$ 2,476,922

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF ACTIVITIES

<u>PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	For the Years Ended June 30,	
	2019	2018
Government Grants and Contracts	\$ 2,625,752	\$ 1,641,023
Medicaid Reimbursement Revenue	7,276,155	7,593,032
Contributions	495	18,661
Fundraising	64,293	103,902
Interest Income	542	508
Other Income	35,826	41,380
	<u>10,003,063</u>	<u>9,398,506</u>
 <u>EXPENSES</u>		
Program Services:		
TANF	751,950	729,954
VOCA	521,711	362,548
Therapeutic Services	4,477,408	4,789,827
Children's Advocacy Centers of Louisiana	2,389	-
Delta Initiative	412,069	407,831
Brokers of Hope	121,489	-
Total Program Services	<u>6,287,016</u>	<u>6,290,160</u>
Management and General	3,204,570	3,530,650
Fundraising	32,984	40,598
	<u>9,524,570</u>	<u>9,861,408</u>
 <u>INCREASE (DECREASE) IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>	478,493	(462,902)
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,713,662</u>	<u>2,176,564</u>
 <u>NET ASSETS AT END OF YEAR</u>	<u>\$ 2,192,155</u>	<u>\$ 1,713,662</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Brokers of Hope
Salaries	\$ 516,259	\$ 395,790	\$ 947,873	\$ -	\$ 301,995	53,160
Fringe Benefits & Payroll Taxes	49,107	21,637	77,956	-	22,378	4,087
Contracts	-	13,250	3,285,105	-	3,870	38,633
Legal and Professional	12,495	-	-	-	-	-
Advertising	-	-	-	-	147	-
Recruiting	-	-	2,553	-	1,390	118
Office Supplies and Expense	25,414	928	1,504	-	2,543	1,500
Utilities	25,440	8,518	4,050	-	15,134	5,200
Rent	32,819	39,600	-	-	-	-
Christmas Project	-	-	-	-	-	-
Computer	12,807	7,350	9,133	53	2,165	136
Repairs and Maintenance	-	-	671	-	16,077	-
Depreciation	-	-	-	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	-	5,652	11,666	-	-	-
Interest	-	-	-	-	-	-
Insurance	59,697	22,241	840	-	11,600	6,400
Miscellaneous	-	-	727	-	105	-
Travel/Meeting	17,137	5,465	124,914	2,036	23,362	830
Fuel	-	-	594	-	354	-
Training Meeting	-	1,280	4,511	300	9,212	11,378
Professional Development	-	-	5,311	-	1,737	47
Total Expenses, year ended June 30, 2019	<u>\$ 751,950</u>	<u>\$ 521,711</u>	<u>\$4,477,408</u>	<u>\$ 2,389</u>	<u>\$ 412,069</u>	<u>121,489</u>

Total Program Services	Management and General	Fundraising	TOTALS 2019
\$ 2,215,077	\$ 1,757,980	\$ -	\$ 3,973,057
175,165	150,300	-	325,465
3,340,858	54,603	-	3,395,461
12,495	24,720	-	37,215
147	3,381	-	3,528
4,061	18,419	-	22,480
31,889	90,424	819	123,132
58,342	89,087	-	147,429
72,419	123,965	-	196,384
-	7,333	-	7,333
31,644	207,266	-	238,910
16,748	65,872	-	82,620
-	41,185	-	41,185
775	-	-	775
17,318	30,141	-	47,459
-	27,529	-	27,529
100,778	294,751	388	395,917
832	8,900	-	9,732
173,744	45,784	-	219,528
948	2,877	-	3,825
26,681	29,318	-	55,999
7,095	130,735	31,777	169,607
<u>\$ 6,287,016</u>	<u>\$ 3,204,570</u>	<u>\$ 32,984</u>	<u>\$ 9,524,570</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Total Program Services
Salaries	\$ 500,453	\$ 223,456	\$ 947,856	\$ -	\$ 259,447	\$ 1,931,212
Fringe Benefits & Payroll Taxes	46,608	15,721	75,034	-	18,333	155,696
Contracts	-	-	3,489,277	-	23,828	3,513,105
Legal and Professional	9,371	-	-	-	328	9,699
Advertising	-	-	9,371	-	-	9,371
Recruiting	5,146	-	5,146	-	-	10,292
Office Supplies and Expense	27,202	-	7,584	-	5,445	40,231
Utilities	23,664	47,355	30,099	-	15,908	117,026
Rent	32,107	-	47,822	-	-	79,929
Christmas Project	-	-	-	-	-	-
Computer	23,030	66,687	69,792	-	2,733	162,242
Repairs and Maintenance	-	-	464	-	10,551	11,015
Depreciation	-	-	-	-	-	-
Dues	775	-	-	-	-	775
Fees and Licenses	-	-	2,147	-	-	2,147
Interest	-	-	-	-	-	-
Insurance	47,747	8,544	1,914	-	26,400	84,605
Miscellaneous	-	-	11,343	-	82	11,425
Travel/Meeting	12,329	785	81,585	-	24,973	119,672
Fuel	1,522	-	-	-	169	1,691
Training Meeting	-	-	8,797	-	17,304	26,101
Professional Development	-	-	1,596	-	2,330	3,926
Allocated General Expenses	-	-	-	-	-	-
 Total Expenses, year ended June 30, 2018	 <u>\$ 729,954</u>	 <u>\$ 362,548</u>	 <u>\$ 4,789,827</u>	 <u>\$ -</u>	 <u>\$ 407,831</u>	 <u>\$ 6,290,160</u>

Management and General	Fundraising	TOTALS 2018
\$ 2,156,478	\$ 36,536	\$ 4,124,226
226,969	-	382,665
52,430	-	3,565,535
14,258	-	23,957
4,812	540	14,723
5,275	-	15,567
116,720	339	157,290
35,680	-	152,706
113,519	-	193,448
6,366	3,062	9,428
124,736	-	286,978
78,416	-	89,431
41,400	-	41,400
-	-	775
40,024	-	42,171
17,549	-	17,549
301,301	-	385,906
536	-	11,961
59,741	121	179,534
1,953	-	3,644
18,201	-	44,302
114,286	-	118,212
-	-	-
<u>\$ 3,530,650</u>	<u>\$ 40,598</u>	<u>\$ 9,861,408</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended	
	June 30,	
	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 478,493	\$ (462,902)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	41,185	41,400
(Increase) Decrease in Grants Receivable	(606,474)	(143,265)
(Increase) Decrease in Other Receivables	(68,810)	-
(Increase) Decrease in Prepaid Insurance	-	8,978
Increase (Decrease) in Accounts Payable	(4,867)	(69,926)
Increase (Decrease) in Payroll Liabilities	6,666	29,738
Increase (Decrease) in Deferred Revenue	175,885	-
Net Cash Provided (Used) by Operating Activities	22,078	(595,977)
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(90,127)	-
Disposal of Vehicles	40,869	-
Net Cash Used by Investing Activities	(49,258)	-
<u>Cash Flows from Financing Activities:</u>		
Payment on Capital Lease Obligation	-	-
Proceeds (Decrease) from Line of Credit	(53,000)	564,000
Proceeds (Decrease) from Note on Automobile	46,126	(10,218)
Net Cash Provided (Used) by Financing Activities	(6,874)	553,782
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(34,054)	(42,195)
<u>Cash at Beginning of Year</u>	100,092	142,287
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 66,038	\$ 100,092

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Southern Center for Children and Families, Inc. (the Center) is a nonprofit public service association organized under the laws of the State of Louisiana on February 8, 1999. The Center was organized for the advocacy of children in the court and foster care systems within the Fourth District of Louisiana, and to do any and all things germane, incidental, and necessary to carry out these purposes into full effect. Revenues are derived primarily from the State of Louisiana, contributions from the general public, and fundraising efforts. On January 13, 2004, Center for Children and Families, Inc. changed its legal name from CASA of Northeast Louisiana, Inc. (Court Appointed Special Advocates) to better represent to the public its functions of helping youth and juvenile offenders and their families. On November 20, 2016, the Center changed its name to Southern Center for Children and Families, Inc. The Center's mission is to promote safe, healthy environments through advocacy, education, counseling and prevention. In August 2019, the Center began providing therapeutic services in Clinton, MS using the Functional Family Therapy evidence-based model.

Use of Estimates

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

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Center are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash and all highly liquid debt instruments purchased with original maturities of three months or less.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

Furniture, Equipment & Vehicles	5 years
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SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value 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.

Functional Allocation of Expenses

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

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

Accounting Pronouncement Adopted

During 2018, the Center adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which finalizes Proposed ASU No. 2015-230, by the same name and topic, and simplifies and improves the manner in which a not-for-profit (NFP) classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. In particular, ASU No. 2016-14 amends the requirements for financial statements and notes in Topic 958, *Not-for-Profit Entities*, and requires an NFP to, among other things, (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets referenced above, rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows, using either the direct or the indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncement Adopted (Continued)

Net assets previously reported as temporarily restricted and permanently restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

Contributions

In accordance with FASB ASC 958-205, *Not-For-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Center has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

Donated Services

Members, agencies, businesses, volunteers and others contribute substantial services toward fulfillment of the projects initiated by the Center. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASC 958-205 have not been satisfied.

Not-For-Profit Accounting

The Center reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Center does not have any net assets with donor restrictions at June 30, 2019.

The net assets are composed of the following:

Net Assets Without Donor Restrictions – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accrued interest receivable, and bequests receivable approximates fair value because of the short maturity of these financial instruments. The carrying value, which is the fair value of investments and funds held in trust by others, is based upon quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2019 and 2018, the bank balances were \$85,729 and \$115,164, respectively, all of which are insured by the Federal Deposit Insurance Corporation.

Note 3 - Income Taxes

The Center is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the year ended June 30, 2019. The earliest income tax year that is subject to examination is 2015.

Note 4 - Grants Receivable

Grants receivable consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
TANF Grant	\$ 76,370	\$ 58,107
Family Support & Youth Transition	86,341	70,476
VOCA (Victims of Criminal Acts)	334,091	50,676
Therapeutic Services	<u>1,119,488</u>	<u>735,366</u>
Total Grants Receivable	<u>\$1,616,290</u>	<u>\$ 914,622</u>

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Furniture & Equipment	\$ 206,991	\$ 201,042
Buildings	1,375,000	1,375,000
Computers	90,416	90,416
Vehicles	84,177	79,972
Accumulated Depreciation	<u>(381,499)</u>	<u>(379,416)</u>
Net Property and Equipment	<u>\$1,375,085</u>	<u>\$1,367,014</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 5 - Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2019 and 2018 was \$41,185 and \$41,400, respectively.

Note 6 - Lease Expense - Operating

The Center has a twelve month lease for its Farmerville office for \$300 per month. This lease was set to expire at September 30, 2012 but is now also month to month. For the year ended June 30, 2019 and 2018, the Center had a twelve month lease for their Rayville office for \$2,400 per month.

The Center began leasing a building from St. Francis Hospital which is across the street from the Center for \$2,776 per month. During this fiscal, the Center is leasing buildings in Shreveport and Crowley for \$3,607 per month and \$1,450 per month respectively. These are also twelve month leases. The Center also began leasing another office in Monroe for 3,300 per month which is also a twelve month lease.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2019, is as follows:

June 30, 2020	\$149,111
June 30, 2021	\$119,469
June 30, 2022	\$ 59,400

Note 7 - Letters of Credit

During the year the Center was extended a line of credit in the amount of \$1,250,000 at 6.0% interest per year. As of June 30, 2019 and 2018, the Center owed \$511,000 and \$564,000, respectively, on the line of credit.

Note 8 - Financial Instruments

Fair Values

The Center's financial instruments consist of cash, receivables, accounts payable and a line of credit. The carrying values of these instruments approximate their fair values.

Concentrations of Credit Risk

The Center has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2019 and 2018 there were no deposits in excess of the deposit liabilities reported by the bank over the amount that would have been covered by federal insurance.

Collateralization Policy

The Center does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 9 - Disclosures About Concentrations

The Center receives the majority of its revenue in the form of Medicaid billing from the State of Louisiana for behavioral health services rendered by the Center. This billing is subject to review by the State, which could result in disallowed costs. Billing rates for services rendered could be changed from year to year. The rates are determined by Louisiana's Department of Health.

Note 10 - Subsequent Events

Subsequent events have been evaluated through August 20, 2019, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grants/Pass Through Grantor/Program Title	CFDA Number	Agency or Pass - Through Number	Expenditures
Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	None	* \$ 757,900
Department of Justice			
Victims of Criminal Acts (VOCA)	16.575	2016-VA-03-4811	5,000
Victims of Criminal Acts (VOCA)	16.575	2016-VA-01/03/04/02-3862	170,959
Victims of Criminal Acts (VOCA)	16.575	2016-VA-03-3860	16,665
Victims of Criminal Acts (VOCA)	16.575	2017-VA-02/03-4371	304,089
Victims of Criminal Acts (VOCA)	16.575	2017-VA-04-4387	25,002
Total			<u>521,715</u>
			<u>\$ 1,279,615</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Center for Children and Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Center's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements

The following reconciliation is provided to help the reader of the Center's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2019.

*Denotes Major Federal Assistance Program.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements
(continued)

CASA Program Services

Salaries	\$ 516,259
Fringe Benefits & Payroll Taxes	49,107
Legal & Professional	12,495
Recruiting	-
Office Supplies & Expense	25,414
Utilities	25,440
Rent	32,819
Computer & Equipment	18,757
Dues	775
Insurance	59,697
Travel/Meeting	17,137
Fuel	-
	757,900
 <u>Total Expenditures Requested for Reimbursement</u>	 \$ 757,900
 <u>Federal Grant Revenue</u>	 524,967
 <u>State Portion of Grant Revenue</u>	 232,933
 <u>Total Grant Funds for CASA Program Services</u>	 \$ 757,900

**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**

Board of Directors
Southern Center for Children and Families, Inc.

I 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 financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 my report thereon dated August 20, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I 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 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Hartl, CPA (APAC)

West Monroe, Louisiana
August 20, 2019

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

Board of Directors
Southern Center for Children and Families, Inc.

Report on Compliance for Each Major Federal Program

I have audited the Southern Center for Children and Families, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2019. The Center's major program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In my opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. South, CPA(CSPAC)

West Monroe, Louisiana
August 20, 2019

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Southern Center for Children and Families, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of Southern Center for Children and Families, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over compliance, relating to the audit of a major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Southern Center for Children and Families, Inc. expresses an unmodified opinion.
6. There were no findings relative to major federal award programs for Southern Center for Children and Families, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
TANF (Temporary Assistance for Needy Families)	93.558

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Southern Center for Children and Families, Inc. was determined to be a low-risk auditee.
10. No management letter was issued related to the financial statements for the year ended June 30, 2019.

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019

Matthew Thornton
 CEO

Purpose:

Salary	\$	145,833
Benefits - Insurance		5,204
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
 Total		
	<u>\$</u>	<u>151,037</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Southern Center for Children and Families and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Southern Center for Children and Families (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, 2018 through June 30, 2019. 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, I 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 exceptions obtained are described in the attachment to this report.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

David M. Hartt, CPA (SPAC)

West Monroe, Louisiana
August 20, 2019

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (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).
 - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - 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.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exceptions

Currently, the Center does have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, ethics and debt service. The Center is currently working on a disaster recovery/business continuity policy and will be in place next fiscal year.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.¹ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions

Cash collectors are not bonded. There is no formal process to reconcile cash collections to the general ledger or subsidiary. Currently, the Center does not have written documentation on the processes to determine completeness of all collections.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions

There currently is not policy or procedure prohibiting the person responsible for processing payments from adding vendors to the Center's purchasing system. No signature stamp is used and signed checks are maintained by the signer until ready to be mailed.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), 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.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain

supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions

Except as otherwise noted, no exceptions were identified in the performance of the procedures listed above.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above², obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
-

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exceptions

This is not applicable for this not for profit entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exceptions

This is not applicable for this not for profit entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions

Inquired of management whether the Center had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises, the notice required by R.S. 24:523.1.