

The Extra Mile, Region IV, Inc.
FINANCIAL STATEMENTS AND
AUDITORS' REPORT
June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Extra Mile, Region IV, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of The Extra Mile, Region IV, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Extra Mile, Region IV, Inc., as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of The Extra Mile, Region IV, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Extra Mile, Region IV, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited The Extra Mile, Region IV, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Stulb & Associates". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

Lake Charles, Louisiana
December 26, 2018

The Extra Mile, Region IV, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 123,124.81	\$ 58,016.64
Certificates of deposit	40,853.56	40,844.72
Accounts receivable		
Grants and contracts	239,991.70	305,183.24
Other	1,012.36	36.00
Prepaid expenses	12,465.40	16,620.74
	<u>417,447.83</u>	<u>420,701.34</u>
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	71,489.14	71,489.14
Leasehold improvements	5,323.87	5,323.87
Accumulated Depreciation	(60,376.45)	(56,478.70)
	<u>16,436.56</u>	<u>20,334.31</u>
Net Property and Equipment	<u>16,436.56</u>	<u>20,334.31</u>
TOTAL ASSETS	<u>\$ 433,884.39</u>	<u>\$ 441,035.65</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 32,355.07	\$ 26,462.57
Accrued liabilities	14,377.51	11,428.54
	<u>46,732.58</u>	<u>37,891.11</u>
NET ASSETS		
Unrestricted	188,044.13	130,777.94
Temporarily Restricted	199,107.68	272,366.60
	<u>387,151.81</u>	<u>403,144.54</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 433,884.39</u>	<u>\$ 441,035.65</u>

See notes to the financial statements

The Extra Mile, Region IV, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended 2017

	Unrestricted	Temporarily Restricted	<u>2018</u>	<u>Total</u> <u>2017</u>
SUPPORT AND REVENUE				
Support				
Grants and contracts	\$ -	\$ 1,457,821.70	\$ 1,457,821.70	\$ 1,444,230.57
Donations	-	58,996.32	58,996.32	86,184.98
Donated materials and service	-	334,880.73	334,880.73	364,659.70
Other	-	22,362.19	22,362.19	25,397.20
Net assets released from restriction	<u>1,947,319.86</u>	<u>(1,947,319.86)</u>	<u>-</u>	<u>-</u>
Total Support	<u>1,947,319.86</u>	<u>(73,258.92)</u>	<u>1,874,060.94</u>	<u>1,920,472.45</u>
Revenue				
Interest income	<u>33.04</u>	<u>-</u>	<u>33.04</u>	<u>30.92</u>
TOTAL SUPPORT AND REVENUE	<u>1,947,352.90</u>	<u>(73,258.92)</u>	<u>1,874,093.98</u>	<u>1,920,503.37</u>
EXPENSES				
Functional expenses				
Program Service	1,824,815.42	-	1,824,815.42	1,767,033.31
Administrative	65,271.29	-	65,271.29	64,132.63
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>1,890,086.71</u>	<u>-</u>	<u>1,890,086.71</u>	<u>1,831,165.94</u>
Change in Net Assets	57,266.19	(73,258.92)	(15,992.73)	89,337.43
Net Assets at Beginning of Year	<u>130,777.94</u>	<u>272,366.60</u>	<u>403,144.54</u>	<u>313,807.11</u>
Net Assets at End of Year	<u><u>\$ 188,044.13</u></u>	<u><u>\$ 199,107.68</u></u>	<u><u>\$ 387,151.81</u></u>	<u><u>\$ 403,144.54</u></u>

See notes to the financial statements

The Extra Mile, Region IV, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended 2017

<u>Functional Expenses</u>	<u>Program Services</u>					<u>Total</u>	
	<u>Volunteer Program</u>	<u>Family Support</u>	<u>Adult Support</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>2018</u>	<u>2017</u>
Salaries and stipends	\$ 41,216.32	\$ 728,660.39	\$ 91,355.44	\$ 31,110.32	\$ -	\$ 892,342.47	\$ 807,082.45
Payroll taxes and related benefits	30,046.28	149,664.60	8,645.85	8,708.86	-	197,065.59	177,890.31
Travel	4,213.37	166,251.04	5,967.74	-	-	176,432.15	152,613.45
Operating expenses	37,046.25	102,305.77	24,310.54	16,500.00	-	180,162.56	178,040.31
Supplies	3,437.27	14,778.46	5,885.97	-	-	24,101.70	31,045.36
Donated materials	72,038.17	209,461.46	53,381.10	-	-	334,880.73	364,659.70
Client assistance	-	6,068.67	18,372.95	-	-	24,441.62	33,063.96
Professional fees	8,155.00	37,594.53	2,060.50	8,400.00	-	56,210.03	81,411.66
Interest expense	-	-	-	552.11	-	552.11	1,839.36
Depreciation	930.78	2,966.97	-	-	-	3,897.75	3,519.38
Total expenses	\$ 197,083.44	\$ 1,417,751.89	\$ 209,980.09	\$ 65,271.29	\$ -	\$ 1,890,086.71	\$ 1,831,165.94

See notes to the financial statements

The Extra Mile, Region IV, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (15,992.73)	\$ 89,337.43
Adjustments to reconcile change in Net Assets		
Depreciation	3,897.75	3,519.38
Interest earned on certificates of deposit	(8.84)	(8.86)
Decrease (Increase) in operating assets:		
Accounts Receivable		
Grants and contracts	65,191.54	10,685.28
Other	(976.36)	145.67
Prepaid expenses	4,155.34	(3,501.39)
Increase (Decrease) in operating liabilities:		
Accounts Payable	5,892.50	(67,386.18)
Accrued Liabilities	2,948.97	(4,526.79)
Total Adjustments	<u>81,100.90</u>	<u>(61,072.89)</u>
Net Cash Provided (Used) By Operating Activities	<u>65,108.17</u>	<u>28,264.54</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(5,317.09)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(5,317.09)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of debt obligations	-	(21,586.21)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(21,586.21)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 65,108.17	 1,361.24
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>58,016.64</u>	 <u>56,655.40</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 123,124.81</u></u>	 <u><u>\$ 58,016.64</u></u>

See notes to the financial statements

The Extra Mile, Region IV, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Extra Mile, Region IV, Inc. (The Extra Mile) is presented to assist in understanding The Extra Mile's financial statements.

Nature of Activities

The Organization is a nonprofit, community-based program governed by a volunteer board of directors. The Organization administers several programs for the benefit of persons with mental health, retardation, and/or development disabilities, substance abuse problems and families involved with the child welfare system. Its activities cover the Parishes of St. Landry, St. Mary, St. Martin, Lafayette, Iberia, Vermillion, Acadia, Calcasieu, Jeff Davis, and Evangeline.

Basis of Accounting

The accompanying financial statements presented herein have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

Support and Expenses

The Extra Mile receives substantially all of its revenues from contracts with Federal, State, and Parish agencies. Contract revenues, in the case of reimbursement contracts, are recognized as the expense for the contract is incurred. Other revenues are recognized as earned.

Expenses are recorded as incurred in accordance with the accrual basis of accounting.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization currently has no permanently restricted net assets.

The Extra Mile, Region IV, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Support and revenue

All support is considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(C) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, The Extra Mile has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2018.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is provided for in an amount sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis. Depreciation expense for the year ended June 30, 2018 was \$3,898.

NOTE B CERTIFICATES OF DEPOSIT

As of June 30, 2018, the Organization had a thirteen month certificate of deposit that matures on July 19, 2018. The certificate yields 0.02%. The certificate of deposit serves as collateral for the business line of credit (Note K). The certificate was renewed on July 19, 2018 for twenty-one months at 1.05%.

NOTE C GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represents amounts due from various Federal, State, and Parish agencies and are deemed to be fully collectible by management.

The Extra Mile, Region IV, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE D CHANGE IN CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2018 is as follows:

	<u>June 30, 2017</u>	Additions	Retirements	<u>June 30, 2018</u>
Furniture and Equipment	\$71,489	\$ -	\$ -	\$71,489
Leasehold Improvements	5,324	-	-	5,324
Accumulated Depreciation	<u>(56,479)</u>	<u>(3,898)</u>	<u>-</u>	<u>(60,377)</u>
	<u>\$20,334</u>	<u>\$(3,898)</u>	<u>\$ -</u>	<u>\$16,436</u>

Certain equipment has been acquired with the State of Louisiana grant funds. Under the terms of the agreements, the equipment reverts to the grantor if it is no longer used by the Organization.

NOTE E NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors/grantors. Total amount released from restrictions during the year was \$1,947,320.

NOTE F TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2018:

Periods after June 30, 2018	\$193,259
Reserve Accounts	<u>5,849</u>
Total temporarily restricted net assets	<u>\$199,108</u>

NOTE G DONATED MATERIALS AND SERVICES

Volunteers have made contributions of their time to The Extra Mile. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. The total number of service hours not subject to valuation was 12,587 for the year ended June 30, 2018.

The Extra Mile receives donations of food, clothing, and supplies. Management estimates the value of these donations to be \$334,881. These donations are recorded as contributions with the corresponding charge to donated materials. The Boys and Girls Club and Laparisienne Building, LLC provide the free use of office space to The Extra Mile. Management estimates the value of this space to be \$42,000. This donation is recorded as donations with the corresponding charge to occupancy.

The Extra Mile, Region IV, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE H FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. This requires the allocation of certain costs between program and supporting services based on estimates made by management.

NOTE I OPERATING LEASES

The Organization leases space for offices and programs services under an operating lease that expires on September 30, 2018 at a monthly rental of \$5,600. Rent expense, including donated space (Note G), for the year ended June 30, 2018 was \$109,200.

NOTE J CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to credit risk include cash, cash equivalents, certificates of deposit, and grants receivable. The Organization maintains its cash accounts and certificates of deposit in commercial banks. Accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Grants receivable are principally with the State of Louisiana.

NOTE K LINE OF CREDIT

On November 30, 2009, the Organization established a \$40,000 business line of credit from JPMorgan Chase Bank, NA to help finance its short-term operating needs and is fully collateralized by a certificate of deposit (Note B). In January 2016, the line of credit was increased to \$50,000 with additional collateral by a \$10,000 savings account. Interest is payable monthly on outstanding balances at a variable interest rate currently at 6.85%. The ending balance for the year ended June 30, 2018 was \$0. The total interest paid on the line of credit for the year ending June 30, 2018 was \$0.

NOTE L RISKS AND UNCERTAINTIES

The Organization receives a substantial amount of its support from governmental agencies. A significant reduction in this support, if it were to occur, would affect the Organization's programs and activities.

NOTE M RETIREMENT PLAN

On February 1, 2011, the Organization made available to eligible employees the opportunity to participate in a SIMPLE IRA plan. In October 2017, the plan was converted to a 403(b) thrift plan. The plan allows employees expected to make at least \$2,000 in annual compensation to be eligible. The Organization also contributes 3% of salaries to the plan for the benefit of the eligible employees. The total Organization's contributions for the year ended June 30, 2018 was \$20,340.

The Extra Mile, Region IV, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE N COMPENSATED ABSENCES

Full time employees earn 8 hours per month of vacation and 8 hours per month of sick leave each year. A maximum of twenty-four days of vacation may be accumulated and carried forward, while sick leave accrual is unlimited. Upon termination, employees are paid for unused vacation only. The Organization has not accrued unpaid compensated absences because the amount cannot be reasonably estimated.

NOTE O PRIOR PERIOD INFORMATION

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

NOTE P SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 26, 2018, the date which the financial statements were available to be issued.

The Extra Mile, Region IV, Inc.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the Year ended June 30, 2018

AGENCY HEAD NAME: LINDA BOUDREAUX, EXECUTIVE DIRECTOR

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$95,366
Benefits	
Retirement	<u>2,861</u>
TOTAL	<u><u>\$98,227</u></u>

The Extra Mile, Region IV, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/ Pass - through Grantor/ Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice, Passed through the Louisiana Commission on Law Enforcement Crime Victim Assistance	16.575	2016-VA-04-3763	\$ 21,651
Department of Health and Human Services, Passed through the Louisiana Department of Children and Family Services, Promoting Safe and Stable Families	93.556	2000111457	140,577
Promoting Safe and Stable Families	93.556	2000308556	<u>456,011</u>
Total Promoting Safe and Stable Families			596,588
Department of Health and Human Services, Passed through the Louisiana Department of Health and Hospitals, Office of Behavioral Health/*Acadiana Area Human Services District Block Grants for Community Mental Health Services	93.958	*2000280596	46,998
Block Grants for Community Mental Health Services	93.958	*2000280591	49,043
Block Grants for Community Mental Health Services	93.958	*2000280594	7,787
Block Grants for Community Mental Health Services	93.958	2000282458	<u>88,122</u>
Total Block Grants for Community Mental Health Services			<u>191,950</u>
Total Expenditures of Federal Awards			<u><u>\$ 810,189</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards

The Extra Mile, Region IV, Inc.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Extra Mile, Region IV, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Extra Mile, Region IV, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Extra Mile, Region IV, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Extra Mile, Region IV, Inc. has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of Directors
The Extra Mile, Region IV, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Extra Mile, Region IV, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated December 26, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Extra Mile, Region IV, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Extra Mile, Region IV, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Lake Charles, Louisiana
December 26, 2018

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

To the Board of Directors
The Extra Mile, Region IV, Inc.
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Extra Mile, Region IV, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Extra Mile, Region IV, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of The Extra Mile, Region IV, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Extra Mile, Region IV, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Extra Mile, Region IV, Inc.'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Stulb & Associates

Lake Charles, Louisiana
December 26, 2018

The Extra Mile, Region IV, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors’ Results

June 30, 2018

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

- Material weakness(es) identified? yes no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes no

Type of auditors’ report issued on compliance for the major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance yes no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
93.556	Department of Health and Human Services, Passed through the Louisiana Department of Children and Family Services, Promoting Safe and Stable Families

The threshold for distinguishing Types A and B programs was \$750,000.

Auditee qualified as low-risk auditee? yes no

The Extra Mile, Region IV, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

Current Audit

There were no findings or questioned costs.

Prior Audit

2017-1

Grants and Contracts

Condition: The Organization's internal control over contracts receivable failed to reconcile amounts due on service contracts with the amounts received.

Response: The Organization's Executive Director is now maintaining a detailed schedule for service contracts and reconciling the schedule of service contracts with the deposit detail on the general ledger. The Organization will perform follow-up procedures on contracts that do not receive payment in a timely manner.

Section III – Federal Awards Findings and Questioned Costs

Current Audit

There were no findings or questioned costs.

Prior Audit

There were no findings or questioned costs.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of The Extra Mile and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by The Extra Mile (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, 2017 through June 30, 2018. 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
 - 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***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111- 1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Entity's ethics policy.

We performed the procedures above and noted no exceptions.

- j) ***Debt Service***, not included as Debt Service is not applicable to the Entity.

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Board (or Finance Committee, if applicable)

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 documentation.

We performed the procedures above and noted no exceptions.

- 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. 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.

We performed the procedures above and noted no exceptions.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

We performed the procedures above and noted no exceptions.

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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Collections

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 five deposit sites (or all deposit sites if less than five).

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. five collection locations for five 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.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedures above and noted the following exceptions:

Deposits were not made within one business day of receipt from collection.

Management response:

- 7e) ***Management is implementing procedures that will require all deposits to be made within one business day.***

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.

We performed the procedures above and noted no exceptions.

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:
- Observe that the disbursement matched the related original invoice/billing statement.
 - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedures above and noted no exceptions.

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 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:
- 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 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 be reported.]]
 - Observe that finance charges and late fees were not assessed on the selected statements

We performed the procedures above and noted no exceptions.

13. Using the monthly statements or combined statements selected 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:
- An original itemized receipt that identifies precisely what was purchased
 - Written documentation of the business/public purpose
 - Documentation of the individuals participating in meals (for meal charges only)

We performed the procedures above and noted no exceptions.

Travel and Expense Reimbursement

There were no exceptions in this category during Year 1 therefore this category is excluded from testing in Year 2.

Contracts

Item 15 was not included as they are not applicable to the Entity.

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.

We performed the procedures above and noted no exceptions.

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.

We performed the procedures above and noted no exceptions.

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.

We performed the procedures above and noted no exceptions.

Ethics (excluding Non-Profits)

Item 20 was not included as they are not applicable to the Entity.

Debt Service (excluding Non-Profits)

Items 21-22 were not included as they are not applicable to the Entity (No debt service).

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.

No misappropriation of public funds or assets.

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.

We performed the procedures above and noted no exceptions.

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 Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Stulb & Associates". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

Lake Charles, Louisiana
December 21, 2018