

**LOUISIANA HOSPITAL ASSOCIATION
AND SUBSIDIARY
and
LOUISIANA HOSPITAL ASSOCIATION
RESEARCH AND EDUCATION FOUNDATION**

Audits of Consolidated Financial Statements

December 31, 2017 and 2016



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Independent Auditor's Report

The Board of Trustees
Louisiana Hospital Association and Subsidiary
and Louisiana Hospital Association Research
and Education Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation (collectively, the Association) which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements of activities as of December 31, 2017 and December 31, 2016, are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2018, on our consideration of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation'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 Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
April 28, 2018

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**
Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and Cash Equivalents	\$ 8,593,391	\$ 6,585,417
Cash - Restricted, Contracts, and Grants	664,944	354,676
Accounts Receivable, Net	1,880,220	2,077,132
Accounts Receivable - Contracts and Grants	356,057	533,396
Due from Affiliates	8,387	36
Prepays and Other Assets	172,164	1,322,019
Investment in Affiliate	661,012	513,205
Investments	8,603,527	7,858,408
Property and Equipment, Net	1,597,548	1,582,491
Total Assets	\$ 22,537,250	\$ 20,826,780
Liabilities		
Accounts Payable	\$ 21,050	\$ 27,641
Due to Affiliates	429	34,000
Treasury Payable	1,366,754	781,431
Deferred Revenue	4,422,309	4,386,012
Other Accrued Liabilities	676,586	676,261
Deferred Tax Liability	90,021	124,523
Total Liabilities	6,577,149	6,029,868
Unrestricted Net Assets		
Undesignated	15,960,101	14,796,912
Total Net Assets	15,960,101	14,796,912
Total Liabilities and Net Assets	\$ 22,537,250	\$ 20,826,780

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

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**
Consolidated Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues, Gains, and Other Support		
Institutional Revenue	\$ 4,277,950	\$ 4,125,589
Non-Institutional Revenue	216,407	255,207
Educational Activities	1,049,394	960,686
Equity in Income of Affiliate	303,750	177,189
Investment Income	753,770	360,915
Management Fees	409,460	467,921
Direct Contract and Grant Revenue	1,529,815	2,079,338
Indirect Contract and Grant Revenue	74,055	96,416
Other Contract and Grant Revenue	40,000	-
Other Revenue	91,834	146,385
Total Revenues, Gains, and Other Support	8,746,435	8,669,646
Expenses		
Program Expenses		
Salaries, Wages, and Benefits	3,346,357	3,231,574
Educational Activities	576,810	620,747
Contract and Grant Expense	1,454,892	1,714,042
Supporting Expenses		
Building, Office, and Equipment	499,824	403,307
General and Administrative	400,632	402,190
Insurance	65,556	64,554
Legal and Professional Fees	471,387	601,400
Public Relations	327,896	162,852
Other Expenses	199,422	666,676
Bad Debt Expense	113,594	4,436
Depreciation	126,876	144,385
Total Expenses	7,583,246	8,016,163
Change in Net Assets	1,163,189	653,483
Unrestricted Net Assets, Beginning of Year	14,796,912	14,143,429
Unrestricted Net Assets, End of Year	\$ 15,960,101	\$ 14,796,912

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

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows Operating Activities		
Change in Net Assets	\$ 1,163,189	\$ 653,483
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	126,876	144,385
Equity in Income of Affiliate	(303,750)	(177,189)
Realized Gain on Sales of Investments	(109,322)	(61,405)
Unrealized Gain on Investments	(507,927)	(206,021)
Bad Debt Expense	113,594	4,436
Deferred Tax Liability	(34,502)	(5,959)
(Increase) Decrease in Operating Assets		
Cash - Restricted	(310,268)	121,948
Accounts Receivable	83,318	(9,118)
Accounts Receivable - Contracts and Grants	177,339	(386,416)
Due from Affiliates	(8,351)	9,263
Prepaid and Other Assets	1,149,855	(56,881)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(6,591)	(149,713)
Due to Affiliates	(33,571)	32,044
Treasury Payable	585,323	(73,919)
Deferred Revenue	36,297	194,526
Other Accrued Liabilities	325	169,642
Net Cash Provided by Operating Activities	2,121,834	203,106
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	2,837,010	2,779,047
Purchase of Investments	(2,964,880)	(2,881,993)
Proceeds from Distributions of Earnings in ShareCor, LLC	155,943	143,304
Purchases of Property and Equipment	(141,933)	(104,685)
Net Cash Used in Investing Activities	(113,860)	(64,327)
Increase in Cash and Cash Equivalents	2,007,974	138,779
Cash and Cash Equivalents, Beginning of Year	6,585,417	6,446,638
Cash and Cash Equivalents, End of Year	\$ 8,593,391	\$ 6,585,417
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Taxes	\$ 26,296	\$ 18,021

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

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**

Notes to Consolidated Financial Statements

Note 1. Organization

Nature of Activities

The accompanying consolidated financial statements include the accounts of the following Louisiana not-for-profit entities:

<u>Corporation</u>	<u>Income Tax Status</u>
Louisiana Hospital Association (LHA)	Exempt-Sec. 501(c)(6)
Louisiana Hospital Association Research and Education Foundation (Foundation)	Exempt-Sec. 501(c)(3)

LHA includes the accounts of its wholly-owned subsidiary, Louisiana Hospital Association Management Corporation (LHAMC). LHAMC is a for-profit entity that sponsors educational programs. Revenue and expenses related to continuing education programs are recognized in the period the programs are presented.

All significant inter-organizational accounts and transactions have been eliminated in the consolidated financial statements.

LHA is a not-for-profit association representing hospitals and healthcare systems throughout the state. LHA carries out its mission by providing services and resources to members through advocacy, education, research, representation, and communication. It is governed by a board of trustees whose members are elected annually by the assembly of members. The Foundation was organized for educational and research purposes. The Foundation's board is comprised mainly of members of the board of trustees of LHA.

LHA bills and collects annual membership fees for itself and for the American Hospital Association (AHA). The AHA compensates LHA for billing and collecting AHA dues from Louisiana members. Compensation from the AHA and LHA dues are recognized as revenue in the year covered by the membership dues.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

LHA and the Foundation (collectively, the Association) prepare their consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) involving the application of accrual accounting; accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The Association follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. At December 31, 2017 and 2016, the Association had no temporarily or permanently restricted net assets.

LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates and such differences may be material to the consolidated financial statements.

Fair Values of Financial Instruments

The carrying values of the Association's financial instruments, including current assets and current liabilities, approximate fair value. Under FASB ASC 820, *Fair Value Measurement*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 12).

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

Equity Securities: The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Fixed Income Investments: The fair value of the bond portfolio is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Alternative Investments: Investments are valued using the net asset value reported by the portfolio funds, which management believes approximates fair value. These net asset values are the prices used to execute trades with these portfolio funds.

Cash and Cash Equivalents

For purposes of the consolidated statements of financial position and the consolidated statements of cash flows, the Association considers all short-term cash deposits with maturities of three months or less to be cash and cash equivalents. This, however, excludes money market accounts within its investment portfolio that are to be reinvested.

Accounts Receivable

The Association periodically reviews accounts receivable to determine collectability based on historical information and knowledge of the customer. If amounts are determined to be uncollectible, they are charged to operations when that determination is made. As of December 31, 2017 and 2016, the allowance was \$14,272 and \$0, respectively.

Investment in Affiliate

LHA and the Metropolitan Hospital Council of New Orleans, Inc. (the Council) formed ShareCor, LLC (a limited liability company) owning 50%, respectively. Subsequently, LHA distributed 25% of its ownership to LHAMC. LHA and LHAMC account for the investment under the equity method.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. The unrealized gain or loss on investments is reflected in the consolidated statements of activities as a component of investment return.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are presented in the consolidated statements of financial position on the basis of cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	35 - 39 Years
Furniture and Office Equipment	3 - 15 Years

Additions, improvements, renewals, and expenditures for maintenance that add materially to the productive capacity or extend the lives of assets are capitalized. Other expenditures for maintenance and repairs are charged against income. Upon retirement or disposal of an asset, the asset cost and related accumulated depreciation is removed, and any gain or loss on such a transaction is recorded as other income or expense.

Income Taxes

As mentioned in Note 1, the consolidated financial statements include the for-profit entity LHAMC.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which whose temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Association recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Association believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Deferred Revenue

The Association invoices its members in advance of providing services, the balance of amounts invoiced in excess of services provided is recognized as deferred revenue on the consolidated statements of financial position. The Association recognizes revenue ratably as services are provided.

LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation of the current year consolidated financial statements. Reclassification had no impact on prior year net assets.

Note 3. Restricted Cash

Approximately \$665,000 and \$355,000 of cash was restricted as of December 31, 2017 and 2016, respectively, relating to grants and contracts awarded to the Foundation. Corresponding liabilities are included in total within treasury payable on the consolidated statements of financial position.

Note 4. Property and Equipment

Property and equipment consist of the following as of December 31, 2017 and 2016:

	2017	2016
Land	\$ 309,406	\$ 309,406
Buildings	2,332,445	2,332,445
Furniture and Office Equipment	1,116,227	974,294
	<u>3,758,078</u>	<u>3,616,145</u>
Less: Allowance for Depreciation and Amortization	2,160,530	2,033,654
Property and Equipment, Net	<u><u>\$ 1,597,548</u></u>	<u><u>\$ 1,582,491</u></u>

Depreciation expense was \$126,876 and \$144,385 for the years ended December 31, 2017 and 2016, respectively.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 5. Investment in Affiliate

The following is pertinent financial information for ShareCor, LLC as of December 31, 2017 and 2016:

	2017	2016
Balance Sheet		
Assets	<u>\$ 1,662,862</u>	<u>\$ 1,348,101</u>
Liabilities	\$ 340,840	\$ 321,692
Equity	<u>1,322,022</u>	<u>1,026,409</u>
	<u>\$ 1,662,862</u>	<u>\$ 1,348,101</u>
Income Statement		
Revenues	\$ 1,209,209	\$ 1,387,434
Expenses	601,710	1,033,056
Net Income	<u>607,499</u>	<u>354,378</u>
	50%	50%
LHA's Share of Net Income	<u>\$ 303,750</u>	<u>\$ 177,189</u>

LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION

Notes to Consolidated Financial Statements

Note 6. Investments

The cost and fair values of investments at December 31, 2017, are as follows:

	Fair Value	Cost
Equities - Banking / Finance	2,448,813	2,162,736
Equities - Consumer Products	264,813	217,353
Equities - Healthcare	231,784	183,248
Equities - Energy	156,468	167,695
Equities - Retail	291,932	234,225
Equities - Technology	274,329	178,448
Equities - Other	1,266,653	1,052,009
Fixed Income - Corporate Bonds	1,509,954	1,483,937
Fixed Income - U.S. Treasuries	307,840	298,390
Fixed Income - U.S. Other	1,174,350	1,167,482
Mutual Funds - Convertible Equities	38,336	34,493
Mutual Funds - Global Equities	69,447	48,256
Money Market Deposits for Reinvesting	303,744	303,744
Alternative Investments	265,064	249,007
Total	\$ 8,603,527	\$ 7,781,023

The cost and fair values of investments at December 31, 2016, are as follows:

	Fair Value	Cost
Equities - Banking / Finance	\$ 1,655,422	\$ 1,543,219
Equities - Consumer Products	214,090	228,282
Equities - Healthcare	241,074	226,062
Equities - Energy	197,952	189,640
Equities - Retail	347,441	340,771
Equities - Technology	208,345	166,151
Equities - Other	1,057,450	990,467
Fixed Income - Corporate Bonds	1,577,418	1,310,588
Fixed Income - U.S. Treasuries	326,553	318,314
Fixed Income - U.S. Other	1,029,020	750,753
Mutual Funds - Convertible Equities	35,425	32,817
Mutual Funds - Global Equities	62,151	45,854
Money Market Deposits for Reinvesting	639,273	639,273
Alternative Investments	266,794	270,465
Total	\$ 7,858,408	\$ 7,052,656

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 6. Investments (Continued)

The following table summarizes investment return for the years ended December 31, 2017 and 2016:

	2017	2016
Net Unrealized Gain on Investments	\$ 507,927	\$ 206,021
Realized Gain on Sales of Investments	109,322	61,405
Dividend and Interest Income, Net of Fees	136,521	93,489
Investment Income	\$ 753,770	\$ 360,915

Note 7. Employee Benefit Plan and Other Employee Benefits

LHA sponsors a multiple-employer 401(k) retirement plan. LHA contributed up to 8.5% of each employee's compensation to the 401(k) retirement plan for the years ended December 31, 2017 and 2016, respectively. LHA made contributions of \$203,506 and \$189,784, to the 401(k) retirement plan during 2017 and 2016, respectively.

LHA has a paid time off (PTO) policy, which provides PTO benefits to employees based on classification and length of service. During 2017 and 2016, employees were allowed to carry over a maximum of seventy-five percent of the total current annual PTO earnings. Upon termination of employment or retirement, the unused PTO benefits are payable at a maximum amount equal to seventy-five percent of the total current annual PTO earning capacity. LHA has accrued \$138,162 and \$124,474, as of December 31, 2017 and 2016, respectively, in accordance with the provisions of this policy. The amount accrued is included as a component of other accrued liabilities on the consolidated statements of financial position.

The Association provides extended illness benefits to employees based on a predetermined accrued hourly amount per pay period. An extended illness benefit is defined as an absence in excess of five (5) consecutive days for medical reasons. Employees were allowed a maximum accumulation of 120 days of extended illness benefits for the years ended December 31, 2017 and 2016, respectively. These benefits are not payable upon termination or retirement, and therefore are not accrued in accordance with FASB ASC 710.

Note 8. Related Party Transactions

The Association performs services, conducts educational programs and conferences, and administers grants and contracts. Substantially all of the revenue, related expenses, accounts receivable, and accounts payable from these activities results from transactions with its owner-members.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 8. Related Party Transactions (Continued)

As stated in Note 2, LHA and LHAMC have a combined 50% ownership in ShareCor, LLC. The Council owns the remaining 50%.

LHA provides management and administrative support services to both ShareCor, LLC and the Council. Management fee revenue recorded by LHA from ShareCor totaled \$125,000 for each of 2017 and 2016. Accounting fee revenue recorded by LHA in 2017 and 2016 from ShareCor totaled \$25,000 and \$44,000, respectively. Contract revenue recognized in 2017 and 2016 by LHA from ShareCor totaled \$1,200. Management fee revenue recorded by LHA in 2017 and 2016 from the Council totaled \$220,000 and \$252,532, respectively. Accounting fee revenue recorded by LHA in 2017 and 2016 from the Council totaled \$20,000 and \$29,000, respectively. Contract revenue recognized in 2017 and 2016 by LHA from the Council totaled \$600. Management fee revenues, accounting fee revenues and contract revenues are included within management fees on the consolidated statements of activities.

As of December 31, 2017, the net amount due from ShareCor was \$6,430. As of December 31, 2016, the net amount due to ShareCor was \$33,993.

In addition to the services provided by LHA to the Council, the Council serves as a regional coordinator under a federal grant program administered by the Association. Payments are passed through the Association to the Council for these services.

As of December 31, 2017 and 2016, the net amount due from the Council was \$1,890 and \$24, respectively. These amounts are included as a component of due from affiliates on the Association's consolidated statements of financial position.

Note 9. Income Taxes and Deferred Income Taxes

LHAMC's deferred tax benefits for the years ended December 31, 2017 and 2016 were \$34,502 and \$5,959 which is included in Other Expense, respectively.

On December 22, 2017, the Tax Act was signed into law, which among other items reduces the federal corporate tax rate to 21% from 35%, effective January 1, 2018. U.S. generally accepted accounting principles requires companies to re-measure certain tax-related assets and liabilities as of the date of enactment of the new legislation with resulting tax effects accounted for in the reporting period of enactment. Management performed an analysis including the re-measurement of their deferred tax assets and liabilities. The impact of the Tax Act on LHAMC's 2017 financial results are not necessarily indicative of the results to be achieved for any future periods. The reduced federal corporate tax rate of 21% will decrease LHAMC's effective tax rate for financial reporting periods beginning in 2018.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
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Notes to Consolidated Financial Statements

Note 9. Income Taxes and Deferred Income Taxes (Continued)

LHAMC's effective tax rate is different than what would be expected if the statutory rates were applied to net income before income taxes primarily because of timing differences related to how property and equipment are depreciated for tax purposes as compared to U.S. GAAP.

The component of the deferred tax liability is as follows:

	2017	2016
Deferred Tax Liability		
Depreciation	<u>\$ 90,021</u>	<u>\$ 124,523</u>
Net Deferred Tax Liability	<u>\$ 90,021</u>	<u>\$ 124,253</u>

Management evaluated the Association's tax positions for the year ended December 31, 2017 and concluded that the organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

The Association's tax filings are subjected to audit by various taxing authorities. The Association's open audit periods are 2014 through 2016.

Note 10. Leases

The Association leases two copiers under operating leases expiring April 2022. The terms of these leases include minimum monthly payments of \$2,926.

Minimum future rental payments under non-cancelable operating leases as of December 31, 2017, are as follows:

December 31	Amount
2018	\$ 35,112
2019	35,112
2020	35,112
2021	34,473
2022	11,384
Thereafter	<u>-</u>
Total	<u>\$ 151,193</u>

The Association's expense for both the lease and maintenance of the above copiers totaled \$69,029 and \$63,786, for the years ended December 31, 2017 and 2016, respectively.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**

Notes to Consolidated Financial Statements

Note 11. Risk Concentration

The Association owns 50% of ShareCor, LLC, as discussed in Note 2. A significant source of income for the Association is the equity distributions received from ShareCor, LLC. ShareCor, LLC's significant source of income is from an ongoing participation in a group-repurchasing program. Even though management feels the revenue stream will continue for the foreseeable future, ShareCor, LLC has no control of the participants in the group-repurchasing program.

The Association periodically maintains cash deposits in accounts with a major financial institution in excess of federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At December 31, 2017, the Association had \$2,562,508 in excess of the FDIC insured limit. The Association has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

Note 12. Fair Value Measurements

The Association's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the provisions of FASB ASC 820, *Fair Value Measurement*. See Note 2 for a description of the Association's policies and valuation techniques.

The valuation of the Association's assets and liabilities measured at fair value on a recurring basis at December 31, 2017, are as follows:

Assets	Level 1	Level 2	Level 3	Net Balance
Equities - Banking / Finance	\$ 2,448,813	\$ -	\$ -	\$ 2,448,813
Equities - Consumer Products	264,813	-	-	264,813
Equities - Healthcare	231,784	-	-	231,784
Equities - Energy	156,468	-	-	156,468
Equities - Retail	291,932	-	-	291,932
Equities - Technology	274,329	-	-	274,329
Equities - Other	1,266,653	-	-	1,266,653
Fixed Income - Corporate Bonds	1,509,954	-	-	1,509,954
Fixed Income - U.S. Treasuries	307,840	-	-	307,840
Fixed Income - U.S. Other	441,997	732,353	-	1,174,350
Mutual Funds - Convertible Equities	38,336	-	-	38,336
Mutual Funds - Global Equities	69,447	-	-	69,447
Money Market Deposits for Reinvesting	303,744	-	-	303,744
Alternative Investments	127,502	-	-	127,502
Investments Measured at NAV per Share*	-	-	-	137,562
Total	\$ 7,733,612	\$ 732,353	\$ -	\$ 8,603,527

* Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**

Notes to Consolidated Financial Statements

Note 12. Fair Value Measurements (Continued)

The valuation of the Association's assets and liabilities measured at fair value on a recurring basis at December 31, 2016, are as follows:

Assets	Level 1	Level 2	Level 3	Net Balance
Equities - Banking / Finance	\$ 1,655,422	\$ -	\$ -	\$ 1,655,422
Equities - Consumer Products	214,090	-	-	214,090
Equities - Healthcare	241,074	-	-	241,074
Equities - Energy	197,952	-	-	197,952
Equities - Retail	347,441	-	-	347,441
Equities - Technology	208,345	-	-	208,345
Equities - Other	1,057,450	-	-	1,057,450
Fixed Income - Corporate Bonds	1,577,418	-	-	1,577,418
Fixed Income - U.S. Treasuries	326,553	-	-	326,553
Fixed Income - U.S. Other	1,029,020	-	-	1,029,020
Mutual Funds - Convertible Equities	35,425	-	-	35,425
Mutual Funds - Global Equities	62,151	-	-	62,151
Money Market Deposits for Reinvesting	639,273	-	-	639,273
Alternative Investments	112,927	-	-	112,927
Investments Measured at NAV per Share*	-	-	-	153,867
Total	<u>\$ 7,704,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,858,408</u>

* Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Gains and losses (realized and unrealized) included in changes in net assets for the periods above are reported in investment income (loss) in the consolidated statement of activities.

In September 2009, FASB issued an amendment *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* ASU 2009-12, which provides guidance on how entities should estimate fair value of certain alternative investments.

The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical expedient, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. It also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical expedient was used.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**

Notes to Consolidated Financial Statements

Note 12. Fair Value Measurements (Continued)

Changes in Fair Value Levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2017 and 2016, there were no significant transfers in or out of Level 3.

Note 13. Treasury Payable

The Association is the recipient of various federal and state awards and grants. Treasury payable represents the Association's commitment to provide future services on certain awards and grants.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued April 28, 2018, and determined that no other events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION**
Consolidating Statement of Activities
For the Year Ended December 31, 2017

	Louisiana Hospital Association Consolidated	Louisiana Hospital Association Research and Education Foundation	Eliminations	Combined
Revenues, Gains, and Other Support				
Institutional Revenue	\$ 4,277,950	\$ -	\$ -	\$ 4,277,950
Non-Institutional Revenue	216,407	-	-	216,407
Educational Activities	1,049,394	-	-	1,049,394
Equity in Income of Affiliate	303,750	-	-	303,750
Investment Income	739,944	13,826	-	753,770
Management Fees	439,460	-	(30,000)	409,460
Direct Contract and Grant Revenue	-	1,529,815	-	1,529,815
Indirect Contract and Grant Revenue	-	74,055	-	74,055
Other Contract and Grant Revenue	-	40,000	-	40,000
Other Revenue	122,221	1,613	(32,000)	91,834
Total Revenues, Gains, and Other Support	7,149,126	1,659,309	(62,000)	8,746,435
Expenses				
Program Expenses				
Salaries, Wages, and Benefits	3,346,357	-	-	3,346,357
Educational Activities	576,810	-	-	576,810
Contract and Grant Expense	7,000	1,447,892	-	1,454,892
Supporting Expenses				
Building, Office, and Equipment	492,172	39,652	(32,000)	499,824
General and Administrative	240,076	160,556	-	400,632
Insurance	51,647	13,909	-	65,556
Legal and Professional Fees	460,887	10,500	-	471,387
Accounting Fees	-	30,000	(30,000)	-
Public Relations	327,896	-	-	327,896
Other Expenses	199,422	-	-	199,422
Bad Debt Expense	113,594	-	-	113,594
Depreciation	119,484	7,392	-	126,876
Total Expenses	5,935,345	1,709,901	(62,000)	7,583,246
Change in Net Assets	\$ 1,213,781	\$ (50,592)	\$ -	\$ 1,163,189

See independent auditor's report.

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION
Consolidating Statement of Activities
For the Year Ended December 31, 2016**

	Louisiana Hospital Association Consolidated	Louisiana Hospital Association Research and Education Foundation	Eliminations	Combined
Revenues, Gains, and Other Support				
Institutional Revenue	\$ 4,125,589	\$ -	\$ -	\$ 4,125,589
Non-Institutional Revenue	255,207	-	-	255,207
Educational Activities	960,686	-	-	960,686
Equity in Income of Affiliate	177,189	-	-	177,189
Investment Income	349,487	11,428	-	360,915
Management Fees	489,921	-	(22,000)	467,921
Direct Contract and Grant Revenue	-	2,079,338	-	2,079,338
Indirect Contract and Grant Revenue	-	96,416	-	96,416
Other Revenue	178,385	-	(32,000)	146,385
Total Revenues, Gains, and Other Support	6,536,464	2,187,182	(54,000)	8,669,646
Expenses				
Program Expenses				
Salaries, Wages, and Benefits	3,231,574	-	-	3,231,574
Educational Activities	620,747	-	-	620,747
Contract and Grant Expense	5,000	1,709,042	-	1,714,042
Supporting Expenses				
Building, Office, and Equipment	399,444	35,863	(32,000)	403,307
General and Administrative	228,207	173,983	-	402,190
Insurance	50,161	14,393	-	64,554
Legal and Professional Fees	591,400	10,000	-	601,400
Accounting Fees	-	22,000	(22,000)	-
Public Relations	162,852	-	-	162,852
Other Expenses	666,676	-	-	666,676
Bad Debt Expense	4,436	-	-	4,436
Depreciation	136,217	8,168	-	144,385
Total Expenses	6,096,714	1,973,449	(54,000)	8,016,163
Change in Net Assets	\$ 439,750	\$ 213,733	\$ -	\$ 653,483

See independent auditor's report.

**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**

Independent Auditor's Report

The Board of Trustees
Louisiana Hospital Association and Subsidiary
and Louisiana Hospital Association Research
and Education Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation (collectively, the Association) which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated 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 April 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Association's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:573, this report is distributed by the legislative auditor as public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
April 28, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Trustees
Louisiana Hospital Association Research
and Education Foundation

Report on Compliance of Each Major Federal Program

We have audited Louisiana Hospital Association Research and Education Foundation's (the Foundation'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 Foundation's major federal programs for the year ended December 31, 2017. The Foundation's major federal programs are identified in the summary of 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

Our responsibility is to express an opinion on compliance for each of the Foundation'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 could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation'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 Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Louisiana Hospital Association Research and Education Foundation 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of Louisiana Hospital Association Research and Education Foundation 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 Foundation's internal control over compliance with 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 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 Foundation's internal control over compliance.

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

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

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

Under Louisiana Revised Statute 24:573, this report is distributed by the legislative auditor as public document.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation as of and for the year ended December 31, 2017, and have issued our report thereon dated April 28, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
April 28, 2018

**LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND
EDUCATION FOUNDATION**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE (per CFDA)	Federal CFDA Number	Program Name	Total Expenditures
Passed Through State of Louisiana Department of Health and Hospitals:			
State Rural Hospital Flexibility Program	93.241	FLEX Program	\$ 7,000
National Bioterrorism Hospital Preparedness Program	93.889	Hospital Preparedness Program (HHS)	<u>3,458,455</u>
Total Expenditures			<u><u>\$ 3,465,455</u></u>

The accompanying notes are an integral part of this schedule.

**LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND
EDUCATION FOUNDATION**

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Louisiana Hospital Association Research and Education Foundation (the Foundation) under programs of the Federal government for the year ended December 31, 2017. 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 Award* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting and cost accounting principles contained in Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursements. Expenditures for loan disbursements are recognized when paid.

Note 3. Sub-Recipients

Of the federal expenditures presented in the schedule, the Foundation provided federal awards to sub-recipients as follows:

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Amounts Provided to Sub-Recipients</u>
National Bioterrorism Hospital Preparedness Program (HHS)	93.889	\$ 2,816,740

**LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND
EDUCATION FOUNDATION**

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

Part I - Summary of Auditor's Results

Financial Statements

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified not considered to
to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | | |
|----|---|---------------|
| 1. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified not considered to
to be a material weakness? | None Reported |
| 2. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in
accordance with Uniform Guidance: | No |
| 4. | Identification of major programs: | |
| | <u>CFDA Number</u> <u>Name of Federal Program or Cluster</u> | |
| | 93.889 National Bioterrorism Hospital Preparedness Program | |
| 5. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. | Auditee qualified as low-risk auditee? | Yes |

See independent auditor's report.

**LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND
EDUCATION FOUNDATION**

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2017**

Part II - Financial Statement Findings

None.

Part III - Findings and Questioned Costs for Federal Awards

None.

**LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND
EDUCATION FOUNDATION**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017**

None.

Independent Auditor's Report on Supplementary Information

The Board of Trustees
Louisiana Hospital Association and Subsidiary
and Louisiana Hospital Association Research
and Education Foundation

We have audited the consolidated financial statements of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation as of and for the years ended December 31, 2017 and 2016, and our report thereon dated April 28, 2018, which expressed an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to April 28, 2018.

The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis, as required by Louisiana Revised Statute 24:513 A(3), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Accounting Corporation

Metairie, LA
April 28, 2018

**LOUISIANA HOSPITAL ASSOCIATION AND SUBSIDIARY and
 LOUISIANA HOSPITAL ASSOCIATION RESEARCH AND EDUCATION FOUNDATION
 Schedule of Compensation, Benefits, and Other Payments to
 Agency Head
 For the Year Ended December 31, 2017**

Agency Head
 Paul Salles, President and Chief Executive Officer

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* No compensation, reimbursements nor benefits were paid to the agency head from public funds.



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AGREED-UPON PROCEDURES REPORT
Louisiana Hospital Association and Subsidiary and
Louisiana Hospital Association Research and Education Foundation

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

Board of Trustees
Louisiana Hospital Association and Subsidiary
and Louisiana Hospital Association Research
and Education Foundation

To the Board of Trustees of Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Louisiana Hospital Association and Subsidiary and Louisiana Hospital Association Research and Education Foundation (collectively, the Association) 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 January 1, 2017 through December 31, 2017. The Association's management is responsible for those C/C areas identified in the SAUPs. 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.

Our procedures and results 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.

LOUISIANA • TEXAS

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

Results: The applicable policies of the Association address all of the functions listed. Items I and J are not applicable.

Board (or Finance Committee, if applicable)

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

Results: In accordance with the Association's bylaws, the Finance Committee met with a quorum on a quarterly basis. The minutes reference budget-to-actual comparisons. The minutes reference non-budgetary financial information in at least one of the meetings held during the fiscal period.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected five bank accounts and obtained bank statements and reconciliations for all months in the fiscal period. We noted all bank reconciliations were timely prepared and all included evidence of review by a member of management with no involvement in the transactions. We noted no reconciling items that had been outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete. We noted that all public funds are received by electronic funds transfer.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Procedure not applicable due to all public funds cash collections being electronic fund transfers.

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

Results: The Association has written documentation regarding processes to specifically determine completeness of all collections including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

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

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

Results: We obtained a listing of public fund disbursements from management and management's representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: We obtained supporting documentation for 25 disbursements from the disbursement population from #8 above. The criteria in steps 9(a), 9(b) and 9(c) were present for all 25 disbursements tested.

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

Results: The person responsible for processing payments does not have the ability to add vendors to the Association's purchasing/disbursement system.

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

Results: We obtained the Association's written policy, which describes that persons with signatory authority have no responsibility for initiating or recording purchases.

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

Results: We inquired of management and reviewed entity documentation to support that persons with signatory authority do not have system access to print checks.

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

Results: The Association does not use a signature stamp or machine. We noted that signed checks are returned to the accounting department for mailing.

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

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

Results: We obtained a listing of all active cards used to make public fund purchases from management and management's representation that the listing is complete.

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

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

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

Results: We selected the month with the largest dollar activity for the one credit card account utilized for public funds and noted that there was evidence of review and approval by someone other than the authorized card holder and there were no assessed finance charges and/or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: There were no exceptions identified to the criteria listed in a) through c) above.

Travel and Expense Reimbursement

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

Results: We obtained from management the disbursement listing of all travel and related expense reimbursements, by person paid for with public funds. We obtained management's representation that the listing is complete.

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

Results: We obtained the Association's written policies related to travel and expense reimbursement and noted none of the rates exceeded GSA rates.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For the three persons selected for testing, all of the reimbursements followed the Association's written policies and met the criteria above without exception.

Contracts

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

Results: We obtained a disbursement listing pertaining to all contracts in effect during the fiscal period paid for with public funds. We obtained management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: We selected the five contract "vendors" paid the most money during the fiscal period and obtained the related contracts and paid invoices. We noted that there was a written contract supporting the services arrangement and amount paid. None of the contracts tested were subject to the Louisiana Public Bid Law. The Association solicited quotes for two of the five contracts. The remaining three were for specialized services and software therefore quotes were not solicited. None of the contracts were amended. We selected the largest payment and supporting invoice from each of the five contracts and verified that the invoice and payment complied with the terms and conditions of the contract. All of the contracts were appropriately approved in accordance with the Associations policies and procedures over contracts.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained the listing of employees with their related salaries and management's representation that the listing is complete. The compensation paid to the five selected employees was in accordance with the terms and conditions of the employment contract or pay rate structure and any changes made to pay rates during the fiscal year was approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: All of the documentation listed in items a), b), and c) above were present for the 4 employees paid with public funds.

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

Results: We obtained a listing of employees terminated during the fiscal period and management's representation that the listing is complete. There was only one termination payment made during the fiscal period which we noted was made in accordance with the Association's policy and approved by management.

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

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. We noted all payments, along with required forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

Results: The Association is a nonprofit and is excluded.

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

Results: The Association is a nonprofit and is excluded.

Debt Service (excluding nonprofits)

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

Results: The Association is a nonprofit and is excluded.

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

Results: The Association is a nonprofit and is excluded.

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

Results: The Association is a nonprofit and is excluded.

Other

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

Results: We inquired of management whether the Association had any misappropriations of public funds or assets. Management reported the Association has not had any misappropriations of public funds or assets

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

Results: The Association has posted on its premises and website the notice required by R.S. 24:523.1.

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

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

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



A Professional Accounting Corporation

Metairie, LA
June 29, 2018