Consolidated Financial Report

Louisiana Endowment for the Humanities and Prime Time Family Reading

October 31, 2019

LOUISIANA ENDOWMENT FOR THE HUMANITIES

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Louisiana Endowment for the Humanities and Prime Time Family Reading

October 31, 2019

TABLE OF CONTENTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

October 31, 2019 and 2018

TABLE OF CONTENTS (Continued)

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2019 and 2018

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Endowment for the Humanities
and Prime Time Family Reading,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

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internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Endowment for the Humanities and Prime Time Family Reading as of October 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's October 31, 2018 consolidated financial statements, and our report dated July 16, 2019 expressed an unmodified opinion, on those consolidated financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended October 31, 2018, is consistent, in all material respects, with the 2018 audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information (Schedules 1 and 2) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 3) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated ______, 2020 on our consideration of the Organization'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 with the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 3, 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2019
(with comparative totals for 2018)

ASSETS

	2019	2018
Assets		
Cash and cash equivalents	$ 1,256,890	$ 1,792,234
Accounts receivable	111,229	85,942
Government grants receivable	398,538	363,203
Unconditional promises to give, net	880,176	565,888
Inventory	13,545	16,548
Investments	3,339,724	2,278,673
Prepaid expense	54,256	17,591
Property and equipment, net	3,094,826	2,734,796
Art collections	333,706	333,706
Total assets	$ 9,482,890	$ 8,188,581

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable and accrued liabilities	$ 817,036	$ 491,134
Unearned subscription revenue	16,909	8,756
Total liabilities	833,945	499,890
Net Assets		
Without donor restrictions:		
General	3,857,705	4,356,562
Building	2,150,592	2,023,962
With donor restrictions	2,640,648	1,308,167
Total net assets	8,648,945	7,688,691
Total liabilities and net assets	$ 9,482,890	$ 8,188,581

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2019
(with comparative totals for 2018)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Totals	2018 Totals
Support and Revenues				
Contributions and other grants	$1,349,758	$1,309,314	$2,659,072	$2,358,266
National Endowment for the Humanities Grants	-	1,016,580	1,016,580	851,407
DHH Head Start Grant	-	5,742,801	5,742,801	4,779,410
USDA Grant	-	217,791	217,791	271,032
Other	352,729	369	353,098	82,732
Investment income, net	276,745	25,625	302,370	60,148
Building income	268,489	-	268,489	220,285
Program income	216,642	56	216,698	319,926
Net assets released from restrictions	6,980,055	(6,980,055)	-	-
Total support and revenues	9,444,418	1,332,481	10,776,899	8,943,206
Expenses				
Program expenses:				
Head Start	5,916,574	-	5,916,574	4,573,525
Louisiana Humanities Center	466,910	-	466,910	145,446
Education	902,096	-	902,096	773,983
Content	684,604	-	684,604	449,849
General and administrative	1,460,055	-	1,460,055	2,321,771
Fundraising	386,406	-	386,406	217,434
Total expenses	9,816,645	-	9,816,645	8,482,008
Change in Net Assets	(372,227)	1,332,481	960,254	461,198
Net Assets				
Beginning of year	6,380,524	1,308,167	7,688,691	7,227,493
End of year	$6,008,297	$2,640,648	$8,648,945	$7,688,691

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019
(with comparative totals for 2018)

	2019								
	Program								
	Head Start	Louisiana Humanities Center	Education	Content	Total Program	General and Administrative	Fundraising	Totals	2018 Totals
Expenses									
Salaries and benefits	$ 2,336,777	$ 134,191	$ 376,211	$ 290,363	$ 3,137,542	$ 575,700	$ 282,069	$ 3,995,311	$ 3,292,324
Other operating expense	1,454,947	162,969	17,312	25,754	1,660,982	352,910	12,840	2,026,732	1,554,602
Consultants expense	1,258,153	7,774	280,615	20,454	1,566,996	308,029	11,805	1,886,830	2,030,727
Supplies and materials expense	460,983	5,370	160,875	66,404	693,632	55,673	10,108	759,413	747,319
Building expense	224,666	65,205	-	662	290,533	14,920	-	305,453	206,970
Regrants	-	-	-	185,916	185,916	-	-	185,916	116,472
Depreciation	70,940	87,425	-	-	158,365	11,285	-	169,650	143,877
Equipment expense	54,809	3,861	666	5,605	64,941	84,445	15,637	165,023	103,319
Travel expense	32,659	-	40,324	14,132	87,115	34,909	4,758	126,782	92,073
Printing expense	-	-	20,000	72,185	92,185	7,027	6,205	105,417	111,700
Meetings and events	22,640	115	6,093	3,129	31,977	15,157	42,984	90,118	82,625
Total expenses	$ 5,916,574	$ 466,910	$ 902,096	$ 684,604	$ 7,970,184	$ 1,460,055	$ 386,406	$ 9,816,645	$ 8,482,008

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	$ 960,254	$ 461,198
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(216,386)	(23,145)
Loss on disposal of property and equipment	-	9,711
Depreciation	169,650	143,877
Changes in assets and liabilities:		
Increase in accounts receivable	(25,287)	(31,214)
(Increase) decrease in government grant receivable	(35,335)	340,668
Increase in unconditional promises to give	(314,288)	(578,022)
(Increase) decrease in inventory	3,003	(16,548)
(Increase) decrease in prepaid expense	(36,665)	72,720
Decrease in accounts payable and accrued liabilities	325,902	268,493
Increase (decrease) in unearned subscription revenue	8,153	(499)
Net cash provided by operating activities	839,001	647,239
Cash Flows From Investing Activities		
Purchases of property and equipment	(529,680)	(423,966)
Purchases of investments securities	(957,595)	(1,996,413)
Proceeds from sale of investments	112,930	1,995,160
Net cash used in investing activities	(1,374,345)	(425,219)
Net Increase (Decrease) in Cash and Cash Equivalents	(535,344)	222,020
Cash and Cash Equivalents		
Beginning of year	1,792,234	1,570,214
End of year	$ 1,256,890	$ 1,792,234

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2019 and 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Louisiana Endowment for the Humanities is a non-profit corporation organized for the purpose of maintaining a state-based program in the humanities in the State of Louisiana on behalf of its citizens in accordance with the regulations and guidelines established by the United States Congress and the National Endowment for the Humanities.

Prime Time Family Reading is a non-profit corporation organized for the purpose of establishing and maintaining a family literacy and reading program in the humanities called Prime Time in the State of Louisiana and in other states of the United States.

b. Consolidation Policy

The consolidated financial statements include the accounts of Louisiana Endowment for the Humanities and Prime Time Family Reading. They are consolidated by virtue of common control. These companies are collectively referred to as the "Organization." All significant intercompany transactions have been eliminated in consolidation.

c. Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Financial Statement Presentation

The Organization classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for the general operation of the Organization.

Net Assets with Donor Restrictions - Net assets subject to donor imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets that are maintained permanently by the Organization and not expended.

f. Cash and Cash Equivalents

For the purpose of the Consolidated Statements of Cash Flows, the Organization classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

g. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivable balances. As of October 31, 2019 and 2018, no such allowance was deemed necessary.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventory

Inventory is stated at the lower of cost or net realizable value using the first in, first out method. The inventory balance was $13,545 and $16,548 as of October 31, 2019 and 2018, respectively.

i. Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were $500,000 and $250,000 of conditional promises to give as of October 31, 2019 and 2018, respectively.

Unconditional promises are recorded net of an allowance for uncollectible amounts estimated by the management of the Organization. There was no allowance for potentially uncollectible promises to give as of October 31, 2019 and 2018.

j. Investments

Investments in exchange traded funds, equity funds, and bond funds are reported at their fair values in the Consolidated Statements of Financial Position.

Pooled accounts managed by the Greater New Orleans Foundation and the Community Foundation Northwest Louisiana Pooled Investment Fund are reported at fair market value, including any pro rata gains and losses.

Unrealized gains and losses are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets and the establishment of a new basis for the new investment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property and Equipment

The Organization's policy is to capitalize all property, furniture, and equipment with an acquisition cost in excess of $5,000. Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

The range of estimated useful lives by type of property and equipment is as follows:

	Years
Buildings	39
Building improvements	5 - 39
Furniture, fixtures, and equipment	5 - 10

l. Art Collections

The Organization maintains a collection of art consisting primarily of the work of John T. Scott. The Organization does not record depreciation on its collection because the economic benefit or service potential of the collection has been determined to be indefinite.

m. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*", which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended October 31, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases*" (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU 2016-18 requires that a Statement of Cash Flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2018, with certain early

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers (Continued)

adoption provisions available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

o. Tax Matters

The Louisiana Endowment for the Humanities and Prime Time Family Reading are organized under the laws of the State of Louisiana and are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of October 31, 2019, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years October 31, 2016 and later remain subject to examination by the taxing authorities.

p. Functional Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and consultants expenses were allocated based on estimates of time and effort. Also, equipment, building, supplies and materials, other operating expenses, and depreciation expenses are based on an estimate of square footage of program building space and administration building space.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Reclassifications

Certain amounts from the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

Note 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to $250,000. The Organization also has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to $250,000. There were no uninsured or non-guaranteed cash and cash equivalent balances as of October 31, 2019.

Note 3 - ACCOUNTS RECEIVABLE

The accounts receivable as of October 31, 2019 and 2018 are as follows:

	2019	2018
Prime Time Reading Program contracts	$ 82,351	$29,422
64 Parishes advertising	16,981	13,790
Building receivables	11,897	9,813
Other	-	9,729
Tri-centennial Book Publication	-	23,188
Total accounts receivable, net	$111,229	$85,942

Note 4 - GOVERNMENT GRANTS RECEIVABLE

The government grants receivable as of October 31, 2019 and 2018 are as follows:

	2019	2018
National Endowment for the Humanities	$296,822	$184,920
Child and Adult Care Food Program	101,716	69,898
Office of Head Start	-	108,385
Total accounts receivable, net	$398,538	$363,203

Note 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of October 31, 2019 and 2018 consisted of the following:

	2019	2018
BHP Billiton	$325,141	$ -
Helis Foundation	300,000	500,000
Baptist Community Ministries	258,977	-
Other	25,054	98,657
	909,172	598,657
Less:		
Allowance for uncollectible receivables	-	-
Discounts to net present value	(28,996)	(32,769)
Total accounts receivable, net	$880,176	$565,888
Receivable in less than one year	$398,286	$298,657
Receivable in one to five years	510,886	300,000
Totals	$909,172	$598,657

Promises to give are reported at their present value using a discount rate of approximately 5% as of October 31, 2019 and 2018.

Note 6 - INVESTMENTS

Investments as of October 31, 2019 and 2018 are comprised of the following:

	2019		
	Cost	Fair Market Value	Excess of Market Over Cost
Exchange traded funds	$1,081,193	$1,181,164	$ 14,851
Equity funds	988,614	1,029,398	99,971
Bond funds	728,174	743,025	40,784
Individual investment securities managed by a financial institution	2,797,981	2,953,587	155,606
Community Foundation Northwest Louisiana Pooled Investment Fund	228,332	324,877	96,545
Greater New Orleans Foundation Pooled Investment Fund	43,896	61,260	17,364
Totals	$3,070,209	$3,339,724	$269,515

	2018		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Exchange traded funds	$ 770,023	$ 762,243	$ (7,780)
Equity funds	674,217	661,901	(12,316)
Bond funds	491,382	476,931	(14,451)
Individual investment securities managed by a financial institution	1,935,622	1,901,075	(34,547)
Community Foundation Northwest Louisiana Pooled Investment Fund	239,752	319,174	79,422
Greater New Orleans Foundation Pooled Investment Fund	44,482	58,424	13,942
Totals	$2,219,856	$2,278,673	$ 58,817

Note 6 - INVESTMENTS (Continued)

	2019		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2019	$3,070,209	$3,339,724	$269,515
Balances, October 31, 2018	$2,219,856	$2,278,673	58,817
Increase in unrealized appreciation			210,698
Net realized gain			5,688
Interest and dividend income, net			85,984
Total investment income, net			$302,370

	2018		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2018	$2,219,856	$2,278,673	$ 58,817
Balances, October 31, 2017	$1,985,513	$2,254,275	268,762
Decrease in unrealized appreciation			(209,945)
Net realized gain			233,090
Interest and dividend income, net			37,003
Total investment income, net			$ 60,148

Note 7 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other mean.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Mutual Funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization 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 Organization are deemed to be actively traded.

- *Exchange Traded Funds*: Valued at the daily closing price as reported by the fund. Funds held by the Organization are with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The funds held by the Organization are deemed to be actively traded. These are included in Level 1 of the fair value hierarchy.

- *Investment Pools*: Valued using the NAV as reported by the custodians. The NAV are determined based on the fair value of the underlying investments. The custodians of these portfolios use independent pricing services, where available, to value the securities included in the portfolios. If an independent pricing service

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodians will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and the principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security. The investment pools are included in Level 2 of the fair value hierarchy.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of October 31, 2019 and 2018 are comprised of and determined as follows:

	2019			
		Based on		
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Exchange traded funds:				
Growth	$ 446,133	$ 446,133	$ -	$ -
Value	438,986	438,986	-	-
Real estate fund	149,654	149,654	-	-
Emerging markets	146,391	146,391	-	-
Equity funds:				
Foreign large growth	443,761	443,761	-	-
Small growth	290,587	290,587	-	-
Infrastructure	151,557	151,557	-	-
Natural resource	143,493	143,493	-	-
Bond funds:				
Intermediate bond	445,015	445,015	-	-
Non-traditional bond	298,010	298,010	-	-
Pooled investment funds	386,137	-	386,137	-
Total investments	$3,339,724	$2,953,587	$386,137	$ -

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

	2018			
	Based on			
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Exchange traded funds:				
Growth	$ 296,522	$ 296,522	$ -	$ -
Value	285,694	285,694	-	-
Real estate fund	102,754	102,754	-	-
Emerging markets	77,273	77,273	-	-
Equity funds:				
Foreign large growth	275,044	275,044	-	-
Small growth	187,948	187,948	-	-
Infrastructure	104,163	104,163	-	-
Natural resource	94,746	94,746	-	-
Bond funds:				
Intermediate bond	192,994	192,994	-	-
Non-traditional bond	185,793	185,793	-	-
Bank loan	98,144	98,144	-	-
Pooled investment funds	377,598	-	377,598	-
Total investments	$2,278,673	$1,901,075	$377,598	$ -

As of October 31, 2019 and 2018, there were no assets measured at fair value on a non-recurring basis.

Note 8 - PROPERTY, BUILDING, AND EQUIPMENT

Property, building, and equipment as of October 31, 2019 and 2018 consists of the following:

	2019	2018
Land	$ 769,649	$ 606,674
Building	2,082,900	2,082,900
Leasehold improvements	1,321,052	1,089,802
Furniture and equipment	420,925	270,471
Construction in progress	-	15,000
	4,594,526	4,064,847
Less accumulated depreciation	(1,499,700)	(1,330,051)
Property and equipment, net	$3,094,826	$2,734,796

Depreciation expense totaled $169,650 and $143,877 for the years ended October 31, 2019 and 2018, respectively.

Note 9 - COMPENSATED ABSENCES AND ACCRUED EMPLOYEE BENEFITS

Certain full time employees are entitled to paid time off depending on length of service and other factors. Accrued paid time off included in accounts payable and accrued liabilities was $48,781 and $84,341 as of October 31, 2019 and 2018, respectively.

Note 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of October 31, 2019 and 2018 were available for the following purposes:

	2019	2018
Prime Time Program	$1,087,363	$ 355,210
Restricted capital campaign contributions	462,236	454,011
National Endowment for the Humanities	371,269	121,348
Donor restricted endowment funds	343,250	343,250
DHH Head Start	333,643	-
Earnings - endowment fund	42,887	34,348
Totals	$2,640,648	$1,308,167

Note 10 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the years ended October 31, 2019 and 2018, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	2019	2018
DHH Head Start	$5,409,527	$4,779,410
National Endowment for the Humanities	794,080	805,059
Prime Time Program	533,388	794,091
USDA Child and Adult Care Food Program	217,791	271,032
Earnings - endowment fund	14,856	14,703
Capital Campaign	10,413	53,363
Other grants	-	240,827
Totals	$6,980,055	$6,958,485

Note 11 - ENDOWMENT

Management is of the belief that they have a strong fiduciary duty to manage the assets of the Organization's endowments in the most prudent manner possible. Management recognizes that the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets without donor restrictions.

The Endowment. The endowment consists of two individual funds, established for the purposes of fulfilling the Organization's mission and accomplishing its goals. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as expressly requiring the preservation of the historical dollar value for donor restricted endowment funds absent explicit donor stipulations to the contrary.

Note 11 - ENDOWMENT (Continued)

The following are classified as restricted net assets in the accompanying financial statements:

- the original value of gifts donated to the endowment;
- the original value of subsequent gifts to the endowment; and
- accumulations to the endowment that are required to be held in perpetuity.

The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets is classified as net assets without restrictions. Amounts are appropriated for expenditure by the Organization in a manner consistent with the language of SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization; and
- the investment policies of the Organization.

Net endowment assets as of October 31, 2019 and 2018 consist of the following:

	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	$ -	$ 42,887	$ 42,887
Donor restricted endowment funds	-	343,250	343,250
Totals	$ -	$386,137	$386,137

Note 11 - ENDOWMENT (Continued)

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	$ -	$ 34,348	$ 34,348
Donor restricted endowment funds	-	343,250	343,250
Totals	$ -	$377,598	$377,598

Changes in endowment funds net assets for the years ended October 31, 2019 and 2018 are as follows:

	October 31, 2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	$ -	$377,598	$377,598
Investment income	-	23,395	23,395
Distributions	-	(14,856)	(14,856)
Endowment net assets, end of the year	$ -	$386,137	$386,137

	October 31, 2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	$ -	$383,962	$383,962
Investment income	-	8,339	8,339
Distributions	-	(14,703)	(14,703)
Endowment net assets, end of the year	$ -	$377,598	$377,598

Note 11 - ENDOWMENT (Continued)

Underwater Endowment Funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of restricted contributions. There were no such deficiencies in restricted net assets as of October 31, 2019 and 2018.

Return Objectives and Risk Parameters. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, endowment assets are invested in pooled investment accounts.

Strategies Employed for Achieving Objectives. Because the Organization seeks to maintain the endowment assets in perpetuity, and because the pooled investment accounts are held and maintained by established Foundations, management has elected to follow the general investment strategies of the Foundations which maintain the pooled investments.

Spending Policy and How Investment Objectives Relate to the Spending Policy. Management's policy for appropriating funds for annual expenditures is to distribute only earnings on endowed assets following the individual spending and distribution policies of the Foundation which maintains the pooled investment. Management has determined that the policies of the Foundations are consistent with the management's long-term objective to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support.

Note 12 - IN-KIND DONATIONS

The Organization records the value of in-kind donations when the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which would typically need to be purchased if not provided by donation.

The fair value of in-kind support and the corresponding expenses for the years ended October 31, 2019 and 2018 are as follows:

	2019	2018
Professional services	$ 677,970	$409,206
Rent	530,000	470,395
Equipment	5,000	-
Totals	$1,212,970	$879,601

Note 13 - RETIREMENT PLAN

The Organization sponsors a defined contribution plan covering all employees 21 years or older. The participant becomes fully vested after five years. The Organization decides the profit sharing contribution, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. There was no profit sharing contributions for the years ended October 31, 2019 and 2018. For the years ended October 31, 2019 and 2018, there was a matching contribution of employee elective deferrals up to 4%. Contributions to the plan for the years ended October 31, 2019 and 2018 totaled $47,936 and $26,267, respectively.

Note 14 - AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by contributions and grants. The Organization is also supported by program income, building income, and investment income. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the Organization's financial assets as of October 31, 2019, reduced by amounts not available for general use because of donor-imposed restrictions.

Note 14 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

Financial assets:	
Cash and cash equivalents	$1,256,890
Accounts receivable	111,229
Government grants receivable	398,538
Unconditional promises to give	880,176
Investments	3,339,724
Total financial assets as of July 31, 2019	5,986,557
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with purpose restrictions	(2,297,398)
Endowment assets held in perpetuity	(343,250)
Unconditional promises to give - noncurrent	(481,890)
Total amounts unavailable for general expenditures within one year	(3,122,538)
Financial assets available to meet cash needs for general expenditures within one year	$2,864,019

Note 15 - COMMITMENTS

The Organization entered into a five year contract commencing September 1, 2016, with a third party to perform functions associated with recruitment, teacher coaching and mentoring, health, family services, mental health and disabilities, and monitoring for Head Start programs in Monroe, Louisiana. The contract is estimated to cost approximately $1,330,000 for the first year and approximately $1,300,000 for each following year. The Organization incurred $1,309,083 and $1,284,981 in contract expenses for the years ended October 31, 2019 and October 31, 2018, respectively.

The Organization entered into a contract commencing May 22, 2017 and renewed on August 20, 2018, related to meal preparation for the students in Monroe, Louisiana. The contract expired July 31, 2019 and was renewed on August 1, 2019 and expires July 31, 2020. The contracts call for a fixed amount per meal provided. The Organization incurred costs of $471,058 and $181,386 associated with these contracts during the years ended October 31, 2019 and 2018, respectively.

Note 16 - LEASE AGREEMENTS

On October 19, 2016, the Organization entered into a lease agreement for building space with the Housing Authority of the City of Monroe. No monthly rent is being charged by the Housing Authority of the City of Monroe, and the Organization is responsible for paying the sum of $500 per month for deferred maintenance through August 31, 2021.

On June 27, 2017, the Organization entered into a lease agreement for building space commencing on June 1, 2017 with the Monroe City School Board. No monthly rent is being charged by the Monroe City School Board, and the Organization is responsible for paying all repair and maintenance expenses through June 30, 2022.

On March 14, 2017, the Organization entered into a lease agreement for building space commencing December 1, 2016 with the Ouachita Parish School Board. No monthly rent is being charged by the Ouachita Parish School Board, and the Organization is responsible for paying all repair and maintenance expenses through November 30, 2021.

On October 31, 2018, the Organization entered into a lease agreement with a local church for building space commencing October 31, 2018 and expiring on July 31, 2019. The lease was extended through July 31, 2024. This lease is cancellable, without cause, with a 30 day notice. Monthly rent is $5,000, and the Organization is responsible for paying all repair and maintenance expenses through July 31, 2024.

Note 17 - RENTAL INCOME UNDER OPERATING LEASES

The Organization maintains agreements to lease portions of its New Orleans office building. These lease terms range from $265 to $3,900 per month, and expire through May 31, 2022. The future minimum rentals under these non-cancelable operating leases as of October 31, 2019 are as follows:

Year Ending December 31,	
2020	$ 77,353
2021	41,552
2022	7,736
Total	$126,641

For the years ended October 31, 2019 and 2018, income from these leases totaled $268,489 and $220,285, respectively.

Note 18 - RELATED PARTY

During the years ended October 31, 2019 and 2018, a related party provided business consulting and accounting preparation services to the Organization. The Organization incurred expenses of $84,496 and $115,047 during the years ended October 31, 2019 and 2018, respectively, for these services.

Note 19 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its revenue from grants provided by the National Endowment for the Humanities ("NEH") and the Department of Health and Human Services ("DHHS"). The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Approximately 63% and 70% of the support was received from the NEH and the DHHS for both the years ended October 31, 2019 and 2018, respectively. Management is aware of substantial new funding levels that will be made available in the spring/summer of 2020 from both the NEH and DHHS.

DHHS has approved a cost of living adjustment ("COLA") which will fund salary raises for the Head Start staff. DHHS has also announced a supplemental funding opportunity and has invited Head Start grantees to apply. The Organization has prepared applications for submissions to DHHS.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act with approximately $2.2 trillion in funding includes substantial additional funding for the NEH, and it is anticipated that approximately 40% of funding to NEH will be passed down to state-level NEH affiliated organizations. The legislation also includes some other opportunities for the Organization to apply for funding under the SBA provisions. Management of the Organization also anticipates that DHHS will receive additional supplemental funding for Head Start programs.

Note 20 - SUBSEQUENT EVENTS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While the Organization has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the Organization's business is uncertain at this time. However, as noted in Note 19, the CARES Act is expected to provide additional funding to the Organization over the next six to twelve months.

Note 20 - SUBSEQUENT EVENTS (Continued)

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through April 3, 2020, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CONSOLIDATING SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

	Louisiana Endowment For The Humanities	Prime Time Family Reading	Totals
Support and Revenues			
Grants	$ 1,016,580	$ 5,960,592	$ 6,977,172
Contributions	1,443,852	1,215,220	2,659,072
Other	352,729	369	353,098
Investment income	302,208	162	302,370
Building income	268,489	-	268,489
Program income	216,698	-	216,698
Total support and revenues	3,600,556	7,176,343	10,776,899
Expenses			
Salaries and benefits	1,533,295	2,462,016	3,995,311
Other operating expense	304,838	1,721,894	2,026,732
Consultants expense	521,096	1,365,734	1,886,830
Supplies and materials expense	253,836	505,577	759,413
Building expense	154,732	150,721	305,453
Regrants	185,916	-	185,916
Depreciation	88,296	81,354	169,650
Equipment expense	108,084	56,939	165,023
Travel expense	105,616	21,166	126,782
Printing expense	105,417	-	105,417
Meetings and events	64,832	25,286	90,118
Allocated expenses	(479,105)	479,105	-
Total expenses	2,946,853	6,869,792	9,816,645
Change in net assets	653,703	306,551	960,254
Net Assets			
Beginning of year	6,480,545	1,208,146	7,688,691
End of year	$ 7,134,248	$ 1,514,697	$ 8,648,945

SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES BY LEDGER

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

	NEH Grant SO-253157-17	NEH Challenge Grants ZH-252963-17	USDA Child and Adult Care Food Program 623997843	DHH Head Start Grant 06CH010448	Net Assets With Donor Restrictions - Endowment	Earnings on Endowment Fund	Capital Restricted Contributions	Education Program	Content Program	General and Administrative	Head Start	Building	Totals
Support and Revenues													
Grants	$ 766,580	$ 250,000	$ 217,791	$ 5,742,801	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,977,172
Contributions	-	-	-	-	-	-	43,773	1,265,541	-	134,538	1,215,220	-	2,659,072
Other income	-	-	-	369	-	-	-	-	-	77,797	-	274,932	353,098
Investment income	2,068	162	-	-	-	23,395	-	-	-	276,745	-	-	302,370
Building income	-	-	-	-	-	-	-	-	-	-	-	268,489	268,489
Program income	56	-	-	-	-	-	-	107,925	86,513	22,204	-	-	216,698
Total support and revenues	768,704	250,162	217,791	5,743,170	-	23,395	43,773	1,373,466	86,513	511,284	1,215,220	543,421	10,776,899
Expenses													
Salaries and benefits	293,597	-	48,399	2,413,617	-	-	-	281,373	260,738	582,152	-	115,435	3,995,311
Other operating expense	83,827	43	158,259	323,169	-	-	8,139	10,098	21,512	92,426	1,240,466	88,793	2,026,732
Consultants expense	72,619	14,469	-	1,365,734	-	-	1,500	280,190	18,633	125,911	-	7,774	1,886,830
Supplies and materials expense	35,436	9,340	11,133	494,444	-	-	-	141,720	57,590	8,060	-	1,690	759,413
Building expense	34,623	-	-	150,721	-	-	-	-	662	4,759	-	114,688	305,453
Regrants	126,673	-	-	-	-	-	-	-	55,343	3,900	-	-	185,916
Depreciation	-	-	-	79,346	-	-	-	-	-	-	2,008	88,296	169,650
Equipment expense	46,857	-	-	56,939	-	-	-	666	-	60,561	-	-	165,023
Travel expense	29,954	1,483	-	21,166	-	-	-	40,324	14,060	19,795	-	-	126,782
Printing expense	31,661	41	-	-	-	-	774	18,999	42,258	11,684	-	-	105,417
Meetings and events	13,457	-	-	25,286	-	-	-	6,093	3,084	42,083	-	115	90,118
Allocated expenses	-	-	-	479,105	-	-	-	-	-	(479,105)	-	-	-
Total expenses	768,704	25,376	217,791	5,409,527	-	-	10,413	779,463	473,880	472,226	1,242,474	416,791	9,816,645
Intercompany rent eliminated	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	-	224,786	-	333,643	-	23,395	33,360	594,003	(387,367)	39,058	(27,254)	126,630	960,254
Transfer between funds	-	25,135	-	-	-	(14,856)	(25,135)	138,150	387,367	(510,661)	-	-	-
Net Assets													
Beginning of year	-	121,348	-	-	343,250	34,348	454,011	355,210	-	3,376,266	980,296	2,023,962	7,688,691
End of year	$ -	$ 371,269	$ -	$ 333,643	$ 343,250	$ 42,887	$ 462,236	$ 1,087,363	$ -	$ 2,904,663	$ 953,042	$ 2,150,592	$ 8,648,945

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

Louisiana Endowment for the Humanities and Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2019

Agency Head Name: Miranda Restovic, President/Executive Director

Purpose	
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
	$0 *

* None of the President/Executive Director's salary, benefits, and other compensation is paid through public funding.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Louisiana Endowment for the Humanities
and Prime Time Family Reading,
New Orleans, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 3, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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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 Organization'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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 3, 2020.

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

To the Board of Directors,
Louisiana Endowment for the Humanities
and Prime Time Family Reading,
New Orleans, Louisiana.

Report on Compliance for Each Major Federal Program

We have audited the compliance of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended October 31, 2019. The Organization'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

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An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 October 31, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of control 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
April 3, 2020.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

Federal Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures	Subrecipient Costs
National Endowment for the Humanities				
Promotion of the Humanities - Challenge Grants	ZH-252963-17	45.130	$ 25,376	$ -
Promotion of the Humanities - Federal/State Partnership	SO-253157-17	45.129	768,704	126,673
			794,080	126,673
U.S. Department of Agriculture				
Pass-through Programs From:				
Louisiana Department of Education:				
Child and Adult Care Food Program	623997843	10.558	217,791	-
U.S. Department of Health and Human Services				
Head Start Grant	06CH010448	93.600	5,743,170	-
Total expenditures of federal awards			$ 6,755,041	$ 126,673

See accompanying notes to Schedule of Expenditures of Federal Awards.

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization"). The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended October 31, 2019. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements for the year ended October 31, 2019. The Organization has elected to use the 10% *de minimus* indirect cost rate as allowed under Uniform Guidance.

c. Reconciliation of Federal Grant Revenue and Expenditures:

Unobligated funds beginning of year	$ 121,348
Federal grant revenue received in current year:	
National Endowment for the Humanities Grants	1,044,001
USDA Child and Family Care Food Program Grant	217,791
DHH Head Start Grant	5,743,170
Total federal funds authorized	7,126,310
Less qualified expenditures	(6,755,041)
Unobligated balance of funds, end of year	$ 371,269

Note 2 - HEAD START GRANT WAIVER

Management has requested budget revisions related to the Head Start Grant (06CH010448) in anticipation of the Organization not being able to provide the full 20% non-federal share match as required by federal award guidelines. In such cases where the non-federal share match is not met, a grantee can request a waiver. While management fully expects to receive authorization, as of the issuance of this report, an official approval of the waiver request has not been received as of the report date.

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ None reported

Noncompliance material to consolidated financial statements noted? ____ Yes _X_ No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ Yes _X_ No

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

CFDA Number	Name of Federal Program
93.600	U.S. Department of Health and Human Services Head Start Grant
45.129	National Endowment for the Humanities Promotion of the Humanities - Federal/State Partnership

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

Auditee qualified as a low-risk auditee? _X_ Yes ____ No

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended October 31, 2019.

No significant deficiencies were noted during the audit of the financial statements for the year ended October 31, 2019.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended October 31, 2019.

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2019 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2018-001 Late filing of Audit Report with the Louisiana Legislative Auditor within Six Months of the Fiscal Year End (R.S. 24:513 and 24:514)

Recommendation - We recommend that the audited financial statements be filed on a timely basis with the Legislative Auditor.

Management's Corrective Action Plan - Resolved - Audited financial statements for the year ended October 31, 2019 were filed timely with the Louisiana Legislative Auditor.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Compliance and Other Matters

Finding 2018-001 was also considered a compliance finding.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2018 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2019

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended October 31, 2019.

No significant deficiencies were noted during the audit of the financial statements for the year ended October 31, 2019.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended October 31, 2019.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2019, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2019.

STATEWIDE AGREED-UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
Louisiana Endowment for the Humanities
and Prime Time Family Reading,
New Orleans, Louisiana.

We have performed the procedures enumerated below, which were agreed to by the Louisiana Endowment for the Humanities (the "Organization") 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 year ended October 31, 2019. Management of the Organization is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):**

   We obtained the Louisiana Endowment for the Humanities Accounting & Financial Policies and Procedures Manual, Fiscal Controls ("Accounting Manual").

   No exceptions were found as a result of this procedure.

   a) **Budgeting, including (1) preparing; (2) adopting; (3) monitoring; (4) amending the budget.**

      We observed that the Organization's accounting manual contains written policies and procedures for budgeting, including preparing; adopting; monitoring; amending.

      No exceptions were found as a result of this procedure.

Written Policies and Procedures (Continued)

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.**

We observed that the Organization's accounting manual contains written policies and procedures for purchasing, including how purchases are initiated; how vendors are added to the vendor list; the preparation and approval process of purchase requisitions and purchase orders; controls to ensure compliance with the public bid law; and documentation required to be maintained for all bids and price quotes.

No exceptions were found as a result of this procedure.

c) **Disbursements, including processing, reviewing, and approving.**

We observed that the Organization's accounting manual contains written policies and procedures for disbursements, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

d) **Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue. (e.g., periodic confirmation with outside parties).**

We observed that the Organization's accounting manual contains written policies and procedures for receipts/collections, including receiving, recording, and preparing deposits. Also, policies and procedures include management's actions to determine the completeness of all collections for each type of revenue.

No exceptions were found as a result of this procedure.

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

We observed that the Organization's accounting manual contains written policies and procedures for payroll/personnel, including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were found as a result of this procedure.

<u>Written Policies and Procedures</u> (Continued)

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.**

We observed that the Organization's accounting manual contains written policies and procedures for the types of services requiring written contracts, standard terms and conditions, and the approval process.

Exception: The Organization's accounting manual does not have written policies and procedures that address legal review or monitoring contracts.

g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including, (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers of statements; and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).**

We observed that the Organization's accounting manual contains written policies and procedures for credit cards (and debit cards, fuel cards, P-Cards, if applicable), including, how cards are to be controlled; allowable business uses; documentation requirements; required approvers of statements; and monitoring card usage.

No exceptions were found as a result of this procedure.

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

We observed that the Organization's accounting manual contains written policies and procedures for travel and expense reimbursement, including, allowable expenses; dollar thresholds by category of expense; documentation requirements; and required approvers.

No exceptions were found as a result of this procedure.

i) **Ethics, including, (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.**

We observed that the Organization's written policies address ethics.

No exceptions were found as a result of this procedure.

Written Policies and Procedures (Continued)

j) **Debt services, including, (1) debt issuance approval; (2) continuing disclosure/ EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements**

Debt service is not applicable to the Organization.

k) **Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.**

We observed that the Organization's accounting manual contains written policies and procedures for disaster recovery/business continuity, including identification of critical data and frequency of backups, storage of backups in a separate physical location from the network, use of antivirus software on all systems, and timely application of all available system and software patches/updates,.

Exception: We observed that the Organization does not have written policies or procedures that address periodic testing/verification that backups can be restored, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

2. **Obtain and inspect board minutes for the fiscal period, as well as the bylaws or equivalent document in effect during the fiscal period.**

We obtained the Organization's board minutes and bylaws for the fiscal period.

No exceptions were found as a result of this procedure.

a. **Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the boards, charter, bylaws, or other equivalent document.**

We observed four quarterly full board of directors meetings and monthly executive meetings which each achieved a quorum in accordance with the bylaws.

No exceptions were found as a result of this procedure.

Board or Finance Committee (Continued)

b. **Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.**

   The Organization's minutes referenced financial activity relating to public funds.

   No exceptions were found as a result of this procedure.

c. **For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.**

   This procedure is not applicable as the Organization is not a governmental entity.

Bank Reconciliations

3. **Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:**

   We obtained a listing of client bank accounts for the fiscal period and management's representation that the listing is complete. Management identified the main operating account. We selected the four accounts in the population and selected the month of October 2019.

   No exceptions were found as a result of this procedure.

   a. **Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);**

      We obtained the October 31, 2019 bank reconciliation for the sample selected and reviewed electronic log of the original completion date of the bank reconciliation which was within two months of the related statement closing date.

      No exceptions were found as a result of this procedure.

Bank Reconciliations (Continued)

b. **Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and**

We obtained the October 31, 2019 bank reconciliation for the sample selected and reviewed evidence that the bank reconciliation review was performed by the Vice-President of Finance who does not handle cash, post ledgers, or issue checks.

No exceptions were found as a result of this procedure.

c. **Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.**

We obtained a report documenting items outstanding for more than twelve months and noted that there was evidence of research performed on reconciling items more than twelve months outstanding.

No exceptions were found as a result of this procedure.

Collections (Excluding EFTs)

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

Management represented that there was one deposit site where deposits for cash, checks, or money orders were prepared.

No exceptions were found as a result of this procedure.

5. **For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:**

We obtained and inspected written policies and observed that job duties were properly segregated at the location.

No exceptions were found as a result of this procedure.

Collections (Excluding EFTs) (Continued)

a. **Employees that are responsible for cash collections do not share cash drawers/registers.**

   We observed that there is no sharing of cash drawers/ registers.

   No exceptions were found as a result of this procedure.

b. **Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.**

   We observed that the employee responsible for collecting cash is not preparing/ making deposits.

   No exceptions were found as a result of this procedure.

c. **Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.**

   We observed that the employee collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger.

   No exceptions were found as a result of this procedure.

d. **The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.**

   We observed that the employee reconciling collections to the general ledger and subsidiary ledgers is not responsible for collecting cash.

   No exceptions were found as a result of this procedure.

<u>Collections (Excluding EFTs)</u> **(Continued)**

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

   Management indicated that all employees are covered under the Organization's fidelity bond.

   No exceptions were found as a result of this procedure.

7. **Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day).**

   We selected four bank accounts under #3 above. We selected the deposit nearest to the fourteenth of each month from the bank statements for two randomly selected months for each bank account tested. This resulted in a total sample of eight deposits.

   No exceptions were found as a result of this procedure.

   a. **Observe that receipts are sequentially pre-numbered.**

      All of the receipts tested were either received directly at the bank or from a check through the mail. No sequentially pre-numbered receipts are required.

      No exceptions were found as a result of this procedure.

   b. **Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.**

      For all eight deposits tested we traced all deposit balances from the deposit slip to system reports or other related collection documentation.

      No exceptions were found as a result of this procedure.

   c. **Trace the deposit slip total to the actual deposit per the bank statement.**

      For all eight deposits tested we traced the deposit slip total to the actual deposit per the bank statement.

      No exceptions were found as a result of this procedure.

<u>Collections (Excluding EFTs)</u> **(Continued)**

d. **Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than $100).**

   For all eight deposits tested we observed that the deposit was made within one business day of receipt.

   No exceptions were found as a result of this procedure.

e. **Trace the actual deposit per the bank statement to the general ledger.**

   For all eight deposits tested we traced the deposit per the bank statement to the general ledger.

   No exceptions were found as a result of this procedure.

<u>**Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)**</u>

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

   We obtained a listing of locations that process payments and managements representation that this listing was complete we selected the only location in the population.

   No exceptions were found as a result of this procedure.

9. **For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:**

   We obtained a listing of employees involved with non-payroll purchasing and payment functions. We obtained the policies and procedures relating to accounts payable management and cash disbursement policies.

   No exceptions were found as a result of this procedure.

<u>Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)</u> (Continued)

a. **At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.**

   We obtained the policies and procedures relating to accounts payable management and cash disbursement policies. We observed that purchases require an employee to complete a purchase order as well as an employee (either the Division Head, Executive Director, or the Vice-President of Finance) to approve the purchase order.

   No exceptions were found as a result of this procedure.

b. **At least two employees are involved in processing and approving payments to vendors.**

   We obtained the policies and procedures relating to accounts payable management and cash disbursement policies. We observed that checks issued require the pre-approval of the Division Head, and the Vice-President of Finance, at least.

   No exceptions were found as a result of this procedure.

c. **The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.**

   We obtained the policies and procedures relating to accounts payable management and cash disbursement policies. We observed that the controller is responsible for modifying vendor files and the outside accountant processes payments.

   No exceptions were found as a result of this procedure.

d. **Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.**

   We obtained the policies and procedures relating to accounts payable management and cash disbursement policies. We observed that checks are signed and mailed by a person not responsible for processing payments.

   No exceptions were found as a result of this procedure.

<u>Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)</u> **(Continued)**

10. **For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:**

    We obtained the disbursement population for the sole disbursement location and management's representation that the listing was complete. We selected five disbursements from the location population of one.

    No exceptions were found as a result of this procedure.

    a. **Observe that the disbursement matched the related original invoice/billing statement.**

       We observed that the disbursements matched the related original invoice for all five items in our sample.

       No exceptions were found as a result of this procedure.

    b. **Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.**

       We observed that the disbursement documentation included evidence of segregation of duties for all five items in our sample.

       No exceptions were found as a result of this procedure.

<u>Credit Cards/ Debit Cards/ Fuel Cards/ P-Cards</u>

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

    We obtained a listing of all active credit cards and management's representation that the listing was complete.

    No exceptions were found as a result of this procedure.

<u>Credit Cards/ Debit Cards/ Fuel Cards/ P-Cards</u> **(Continued)**

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

We selected five credit cards used during the fiscal period and selected May of 2019 to test for each card.

No exceptions were found as a result of this procedure.

a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

We observed that all fifty transactions tested were approved for payment by someone other than the authorized card holder.

No exceptions were found as a result of this procedure.

b. Observe that finance charges and late fees were not assessed on the selected statements.

We observed that there were no finance charges or late fees assessed on the selected statements.

No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing). For each transaction, observe that it is supported by; (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

<u>Credit Cards/ Debit Cards/ Fuel Cards/ P-Cards</u> **(Continued)**

We observed that forty-eight of fifty transactions tested included an original itemized receipt.

We observed that all fifty transactions tested included written documentation of the business or public purpose.

We observed that twelve of thirteen transactions tested, which were relevant meal charges, included documentation of the individuals participating in the meals.

Exceptions: Two of fifty transactions did not have an original itemized receipt and one of thirteen charges for meals did not have documentation of participating individuals.

<u>**Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)**</u>

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

We obtained a listing of all travel and travel-related expenses in the year and management's representation that the listing was complete.

No exceptions were found as a result of this procedure.

a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We observed that the reimbursement rate for all five mileage reimbursements were lower than the relevant per diem rate per the U.S. General Services Administration.

No exceptions were found as a result of this procedure.

b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

We observed that travel and travel-related expenses selected were supported by an original receipt.

No exceptions were found as a result of this procedure.

Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions) (Continued)

c. **Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).**

We observed that all five expenses selected were supported by documentation of the business or public purpose.

No exceptions were found as a result of this procedure.

d. **Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.**

We observed that all five expenses selected were approved by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

Contracts

15. **Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:**

We obtained a listing of all relevant agreements or contracts and managements representation that the listing is complete. We selected five contracts initiated or renewed during the fiscal period.

No exceptions were found as a result of this procedure.

a. **Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.**

We observed that Louisiana public bid law was not applicable to all five contracts selected.

No exceptions were found as a result of this procedure.

<u>**Contracts**</u>

b. **Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).**

We observed that there are no policies or laws requiring the approval of the contract by the governing board.

No exceptions were found as a result of this procedure.

c. **If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.**

We observed that there were no contract amendments in the current year.

No exceptions were found as a result of this procedure.

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

We observed a supporting invoice and related payment and agreed them to the contract terms for all five contracts selected.

No exceptions were found as a result of this procedure.

<u>**Payroll/Personnel**</u>

16. **Obtain a listing of employees employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.**

We obtained a listing of employees and management's representation that the listing is complete. We selected the five employees in the population and agreed paid salaries to authorized salaries in the personnel files.

No exceptions were found as a result of this procedure.

Payroll/Personnel

17. **Randomly select one pay period during the fiscal period. For the five employees selected under #16 above, obtain attendance records and leave documentation for the pay period, and:**

    a. **Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).**

    We observed daily attendance for the pay period selected for all five employees selected.

    No exceptions were found as a result of this procedure.

    b. **Observe that supervisors approved the attendance and leave of the selected employees.**

    We observed that the supervisor of the employees approved the attendance for all five employees selected.

    No exceptions were found as a result of this procedure.

    c. **Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.**

    We observed that the leave accrued by all five employees selected was reflected in the Organization's cumulative leave records.

    No exceptions were found as a result of this procedure.

18. **Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulate leave records, and agree the pay rates to the employee authorized pay rates in the employee/officials' personnel files.**

    We obtained a listing of employees that received termination payments during the fiscal period and management's representation that the listing is complete. We observed that two of two employees tested had hours and pay rates used in management's termination payment calculations which agreed to pay rates from employee files and employee cumulative leave records.

    No exceptions were found as a result of this procedure.

<u>Payroll/Personnel</u> **(Continued)**

19. **Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.**

    We obtained management's representation that employer portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    No exceptions were found as a result of this procedure.

<u>Ethics</u>

20. **Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:**

    a. **Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.**

       We obtained ethics training course materials and sign-in sheet demonstrating that all five employees tested completed one hour of ethics training during the fiscal period.

       No exceptions were found as a result of this procedure.

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

       We observed support for signature verification for all five employees tested attesting that he or she has read the entity's ethics policy during the fiscal period.

       No exceptions were found as a result of this procedure.

<u>Debt Service</u>

21. **Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.**

    Debt service is not applicable for the Organization.

<u>Debt Service</u> (Continued)

22. **Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).**

    Debt service is not applicable for the Organization.

<u>Other</u>

23. **Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.**

    Management represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating there were no misappropriations of public funds.

    No exceptions were found as a result of this procedure.

24. **Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.**

    The Organization's has posted on its premises the notice required by R.S. 24:523.1.

    No exceptions were found as a result of this procedure.

Management's Response:

1f. The Organization's accounting manual will be revised to include written policies and procedures that address legal review of contracts and, contract monitoring.

1k. The Organization's accounting manual will be revised to include written policies and procedures that address periodic testing of backup restoration procedures and identification of personnel, processes and tools needed to recover operations after a critical event.

Management's Response: (Continued)

13. The Organization will ensure that all credit card expenditures are supported by an original itemized receipt which includes written documentation of the business or public purpose as well as documentation of the individuals participating in meals for meal charges. The Organization's accounting manual will be revised to address those controls.

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 provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 3, 2020.