

**URBAN LEAGUE OF LOUISIANA, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Urban League of Louisiana, Inc. and Subsidiary**  
New Orleans, Louisiana

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the **Urban League of Louisiana, Inc. and Subsidiary (the League)** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Urban League of Louisiana, Inc. and Subsidiary**  
New Orleans, Louisiana  
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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 auditors' 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the financial position of **the League** as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of **the League** as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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 purpose of additional analysis and is not a required part of the consolidated financial statements.

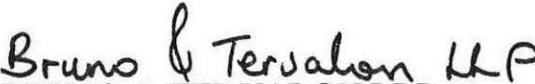
**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Urban League of Louisiana, Inc. and Subsidiary**  
New Orleans, Louisiana  
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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. Also, the accompanying Schedules II and III are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019 on our consideration of **the League's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 League's** internal control over financial reporting and compliance.

  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

January 16, 2019

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	June 30,	
	2018	2017
Assets:		
Cash and cash equivalents (NOTE 1)	\$ 461,637	\$ 367,879
Short-term investment	3,586	3,094
Due from funding agencies (NOTE 15)	492,012	367,038
Prepaid expenses and other assets	132,945	15,056
Promises to give (NOTES 10 and 14)	112,600	291,351
Land, building and equipment, net (NOTES 1 and 3)	7,766,841	8,008,498
Endowment fund (NOTE 10)	38,128	35,369
Total assets	\$ 9,007,749	\$ 9,088,285

**LIABILITIES AND NET ASSETS**

Liabilities:		
Current portion of long-term debt (NOTE 4)	\$ 186,431	\$ 134,857
Accounts payable	150,322	159,704
Accrued liabilities	71,104	85,245
Revolving lines of credit (NOTE 5)	132,736	300,000
Long-term debt, net (NOTE 4)	1,470,436	1,512,901
Total liabilities	2,011,029	2,192,707
Net assets (NOTE 1):		
Unrestricted	6,845,992	6,568,858
Temporarily restricted (NOTE 10)	112,600	291,351
Permanently restricted (NOTE 10)	38,128	35,369
Total net assets	6,996,720	6,895,578
Total liabilities and net assets	\$ 9,007,749	\$ 9,088,285

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

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>REVENUES AND PUBLIC SUPPORT</u></b>				
Revenues and public support:				
Federal grants (NOTE 12)	\$ 1,144,663	\$ -	\$ -	\$ 1,144,663
State and local grants	2,463,510	-	-	2,463,510
United Way funding (NOTE 14)	-0-	82,600	-	82,600
Board-generated self support	694,920	-	-	694,920
Client-generated self support	1,163,094	-	-	1,163,094
Interest income	256	-	-	256
Other revenue	465,434	-	-	465,434
In-kind contributions (NOTE 11)	92,519	-	-	92,519
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions (NOTE 9)	261,351	(261,351)	-	-
Total revenues and public support	6,285,747	(178,751)	-	6,106,996
<b><u>EXPENSES</u></b>				
Program services:				
Economic development	2,405,296	-	-	2,405,296
Education and social justice	2,137,780	-	-	2,137,780
Total program services	4,543,076	-	-	4,543,076
Support services:				
Management and general	1,138,343	-	-	1,138,343
Resource development	327,194	-	-	327,194
Total support services	1,465,537	-	-	1,465,537
Total expenses	6,008,613	-	-	6,008,613
Realized gain on investments	-	-	2,759	2,759
Changes in net assets	277,134	(178,751)	2,759	101,142
Net assets, beginning of year	6,568,858	291,351	35,369	6,895,578
Net assets, end of year	\$ 6,845,992	\$ 112,600	\$ 38,128	\$ 6,996,720

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

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>REVENUES AND PUBLIC SUPPORT</u></b>				
Revenues and public support:				
Federal grants (NOTE 12)	\$ 1,199,454	\$ -	\$ -	\$ 1,199,454
State and local grants	3,158,474	-	-	3,158,474
United Way funding (NOTE 14)	-	115,851	-	115,851
Board-generated self support	467,225	120,500	-	587,725
Client-generated self support	66,433	-	-	66,433
Interest income	351	-	-	351
Other revenue	985,544	-	-	985,544
In-kind contributions (NOTE 11)	121,651	-	-	121,651
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions (NOTE 9)	350,877	(350,877)	-	-
Total revenues and public support	6,350,009	(114,526)	-	6,235,483
<b><u>EXPENSES</u></b>				
Program services:				
Economic development	1,995,397	-	-	1,995,397
Education and social justice	2,225,977	-	-	2,225,977
Total program services	4,221,374	-	-	4,221,374
Support services:				
Management and general	1,422,641	-	-	1,422,641
Resource development	305,584	-	-	305,584
Total support services	1,728,225	-	-	1,728,225
Total expenses	5,949,599	-	-	5,949,599
Realized gain on investments	-	-	2,665	2,665
Changes in net assets	400,410	(114,526)	2,665	288,549
Net assets, beginning of year	6,168,448	405,877	32,704	6,607,029
Net assets, end of year	\$ 6,568,858	\$ 291,351	\$ 35,369	\$ 6,895,578

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

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Years Ended	
	June 30,	
	2018	2017
Cash Flows from Operating Activities:		
Changes in net assets	\$ 101,142	\$ 288,549
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	311,508	298,952
Realized gain on investments	1,245	350
Amortization of issuance cost	-	58,510
Capitalization of interest expense	-	74,066
Gain on early extinguishment of debt	-	(506,769)
Changes in assets and liabilities:		
Prepaid expenses	(117,889)	3,070
Promises to give	178,751	114,526
Due from funding agencies	(124,974)	124,596
Accounts payable	(9,382)	29,651
Accrued liabilities	(14,141)	8,480
Net cash provided by operating activities	326,260	493,981
Cash Flows from Investing Activities:		
Acquisition of building improvements and equipment	(65,239)	(306,802)
Net cash used in investing activities	(65,239)	(306,802)
Cash Flows from Financing Activities:		
Proceeds from long-term debt/line of credit	-	22,614
Principal payments on long-term debt and line of credit	(167,263)	(256,045)
Net cash used in financing activities	(167,263)	(233,431)
Net increase (decrease) in cash and cash equivalents	93,758	(46,252)
Cash and cash equivalents - beginning of year	367,879	414,131
Cash and cash equivalents - end of year	\$ 461,637	\$ 367,879
Supplemental Disclosures:		
Interest paid	\$ 116,554	\$ 160,846
Noncash items:		
Notes receivable – tax credit	\$ -	\$ 5,089,000
Notes obligation	\$ -	\$ 5,089,000

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

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The **Urban League of Louisiana, Inc. (the League)** provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

Basis of Accounting

The consolidated financial statements of **the League** have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

**The League** follows the accounting procedures and practices for not-for-profit organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on “Not-for-Profit Organizations”, which constitutes accounting principles generally accepted in the United States of America.

For the years ended June 30, 2018 and 2017, **the League** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **the League** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. In addition, **the League** is required to present a statement of cash flows.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions Recognition

**The League** accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Donated Materials and Services

Donated materials and supplies, which are utilized in several of **the League's** programs, are recorded at their estimated fair value when received.

Donated services provided by volunteers, which require specialized skills and are provided by individuals possessing those skills, are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of FASB ASC 958-605 are not recognized in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the consolidated financial statements. Accordingly, actual results could differ from those estimates.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to **the League's** various functions. Expenses requiring allocation include service provided by **the League's** management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Federal Income Taxes

**The League** is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Service (IRS) Code and is not a private foundation.

**The League** files as a tax exempt organization. Should that status be challenged in the future, **the League's** 2015, 2016 and 2017 tax years are open for examination by the IRS.

Allowance for Bad Debt

**The League** uses the allowance method to provide for uncollectible accounts. At June 30, 2018 and 2017, there were no allowances, respectively. Uncollectible amounts have been historically insignificant.

Land, Building and Equipment

Land, building and equipment purchased or acquired are recorded at cost. **The League's** policy is to capitalize all purchases of buildings and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of assets as follows:

Building and improvements	27.5 years
Equipment and vehicles	5-7 years

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at face value, net of the allowance for loan losses. Interest earned on loans is credited to operations monthly based on the principal amount outstanding and the terms of the loan.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

The allowance for loan losses is established through a provision for loan losses charged to expense. Management's judgment in determining the adequacy of the allowance is based on evaluations of the collectibility of the loans. These evaluations take into considerations such factors as changes in the nature and value of the loan portfolio, current economic conditions that may affect the borrower's ability to pay, and overall portfolio quality.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, **the League** considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 2 - ECONOMIC DEPENDENCY:

A significant source of revenue for **the League** is Federal, state and local grants provided through various funding agencies. The continued success of **the League** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources. At the time of completion of the audit of **the League's** consolidated financial statements, management was not aware of any actions taken that would adversely affect the amount of funds **the League** will receive in the next fiscal year.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - LAND, BUILDING AND EQUIPMENT:

As of June 30, 2018 and 2017, **the League** held the following fixed assets:

	<u>2018</u>	<u>2017</u>
Non-depreciable assets:		
Land (contributed)	\$ <u>1,105,500</u>	\$ <u>1,105,500</u>
Total non-depreciable assets	<u>1,105,500</u>	<u>1,105,500</u>
Depreciable assets:		
Building and building improvements/funds	7,898,339	7,848,985
Vehicles	50,965	50,965
Furniture and equipment	<u>312,321</u>	<u>279,924</u>
Total depreciable assets	8,261,625	8,179,874
Less: accumulated depreciation	<u>(1,600,284)</u>	<u>(1,276,876)</u>
Total depreciable assets, net	<u>6,661,341</u>	<u>6,902,998</u>
Total land, building and equipment, net	\$ <u>7,766,841</u>	\$ <u>8,008,498</u>

Depreciation expense for the year ended June 30, 2018 and 2017 amounted to \$311,508 and \$298,952, respectively.

At June 30, 2018 and 2017, building and building improvements included funds received under grants from U.S. Department of Health and Human Services and U.S. Department of Housing and Urban Development with book values of \$2,854,986 and \$2,859,401, respectively. Under the terms of the grant agreements, the assets, or any proceeds from their sales, revert to the funding source if they cease to be used for the assigned programs.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - LONG-TERM DEBT:

A summary of long-term debt as of June 30, 2018 and 2017 is as follows:

	2018	2017
7.0 percent construction loan payable due to a bank maturing, on December 27, 2016. The loan is subject to the terms of the related agreements.	\$ -	\$ 1,778
Adjustable interest rate of 4.50 percent (minimum) two (2) year, \$150,000 loan payable to a bank with quarterly principal and interest payments of \$7,500, maturing on May 30, 2019.	115,000	-
Two (2) unsecured lines of credit from a bank at 18.75 percent and 8.75 percent in the total amount. The unused lines of credit amounted to \$54,803 subject to the terms of the related agreements.	-	23,081
Adjustable daily floor interest rate of 4.50 percent and a ceiling interest rate of 6.50 percent on a ten (10) year, two (2) million note payable to a bank with monthly principal and interest payments of \$13,500, based upon a twenty-five (25) year amortization with a balloon payment due at maturity.	1,541,867	1,622,899
Total long-term debt	1,656,867	1,647,758
Less: Current maturities	186,431	134,857
Total long-term debt, net	\$ 1,470,436	\$ 1,512,901

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - LONG-TERM DEBT, CONTINUED:

Scheduled principal repayments on the long-term debts are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 186,431
2020	75,837
2021	80,514
2022	85,480
2023	90,753
Thereafter	<u>1,137,852</u>
	<u>\$ 1,656,867</u>

NOTE 5 - REVOLVING LINES OF CREDIT:

At June 30, 2018 and 2017, **the League** has 4.5 percent revolving lines of credit payable to two (2) banks due on demand with an aggregate unpaid balance of \$132,736 and \$300,000, respectively. The lines of credit are secured by real estate with zero balances of available capacities.

NOTE 6 - PENSION PLAN:

**The League** sponsors a defined contribution pension plan. Under the plan, **the League** matches up to five (5) percent of the employee's contributions to the plan. Matching contribution expenses during the years ended June 30, 2018 and 2017 were \$40,573 and \$55,076, respectively.

NOTE 7 - OPERATING LEASE AGREEMENTS:

**The League** leases various items of equipment at its main office and space at four (4) locations for its programs and administrative offices and various other program services. The lease of space is renewed annually. Lease expenses consisted of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Program service – Space	\$ <u>53,225</u>	\$ <u>23,425</u>

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - COMMITMENTS:

The League leased equipment under operating leases expiring in various years through 2021. Future scheduled minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	23,542
2020	11,048
2021	<u>1,574</u>
Total minimum future rental payments	\$ <u>36,164</u>

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the years ended June 30, 2018 and 2017 by incurring expenses satisfying the purpose and time restrictions as follows:

	<u>2018</u>	<u>2017</u>
Educational activities - general - United Way	\$ 115,851	\$ 55,877
Goldring Family Foundation	-	75,000
Louisiana Healthcare Connections	-	200,000
Georges Enterprise	25,000	20,000
Building Improvement Pledges	<u>120,500</u>	<u>-</u>
Total	<u>\$ 261,351</u>	<u>\$ 350,877</u>

NOTE 10 - RESTRICTED NET ASSETS:

Restricted net assets consisted of the following purposes as of June 30, 2018 and 2017, respectively:

Temporarily Restricted Net Assets:

	<u>2018</u>	<u>2017</u>
United Way funding	\$ 82,600	\$ 115,851
Building improvements	<u>30,000</u>	<u>175,500</u>
Total	<u>\$ 112,600</u>	<u>\$ 291,351</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 10 - RESTRICTED NET ASSETS, CONTINUED:

Permanently Restricted Net Assets:

Permanently restricted net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity. Permanently restricted net assets consist of an endowment fund of \$38,128 and \$35,369, as of June 30, 2018 and 2017, respectively.

NOTE 11 - IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED:

As a condition of certain grants received by **the League**, **the League** must provide a portion of the costs of the programs. To satisfy these conditions, the funding agencies will accept in-kind contributions from volunteers and certain other contributions. The accompanying consolidated financial statements include in-kind contributions in revenues and expenses. The breakdown of in-kind contributions recognized is as follows:

	For the years ended June 30,	
	2018	2017
Professional services	\$ 92,519	\$ 121,651

NOTE 12 - GRANTS FROM GOVERNMENTAL AGENCIES:

**The League** has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse **the League** based upon **the League's** allowable costs to provide the services to program beneficiaries.

Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 12 - GRANTS FROM GOVERNMENTAL AGENCIES, CONTINUED:

final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlement.

Federal grant activities at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Grant Receipts:		
Direct Awards	\$ 132,344	\$ 155,760
Pass-throughs	1,012,319	1,043,694
Total receipts	1,144,663	1,199,454
Grand Expenditures:		
Non-capital	1,144,663	1,199,454
Total expenditures	\$ 1,144,663	\$ 1,199,454

NOTE 13 - RISK MANAGEMENT:

**The League** is exposed to various risks of loss related to torts and theft of, damage to and destruction of assets, for which **the League** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 14 - PROMISES TO GIVE:

As of June 30 2018 and 2017, promises to give represent support from private companies and individuals related to the capital campaign and other restricted purposes totaling \$112,600 and \$291,351 respectively. The amounts are deemed collectible and available from the following sources in less than one (1) year:

	2018	2017
Private companies and individuals	\$ 30,000	\$ 175,500
United Way Services funding for the next fiscal year	82,600	115,851
Total	\$ 112,600	\$ 291,351

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 15 - DUE FROM FUNDING AGENCIES:

As of June 30, 2018 and 2017, due from funding agencies consisted of the following:

	<u>2018</u>	<u>2017</u>
Private Sources:		
National Urban League	\$ 28,134	\$ 24,097
Other Private Companies	167,240	-
State of Louisiana	1,700	191
Local Governmental Entities	55,555	-
Federal Sources:		
U.S. Corporation for National and Community Service	696	4,810
U.S. Department of Health and Human Services	93,814	84,810
U.S. Small Business Administration	105,674	146,841
U.S. Department of Education	23,295	58,605
U.S. Department of Labor	<u>15,904</u>	<u>47,684</u>
Total due from funding agencies	<u>\$ 492,012</u>	<u>\$ 367,038</u>

Receivables from various funding agencies are stated at the amount management expects to collect from outstanding balances for grants awarded and/or services performed under various contracts during the 2018 and 2017 fiscal years. All amounts are considered collectible. **The League** does not assess finance charges on receivables due. There were no bad debts for the 2018 and 2017 fiscal years.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 16 - CONCENTRATION OF CREDIT RISK:**

**The League** maintains cash balances at three (3) financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 on interest bearing accounts and non-interest bearing accounts. **The League** has cash balances on deposit with two (2) of the three (3) financial institutions at June 30, 2018 and 2017 that exceeded the balances insured by the FDIC in the amounts of \$194,499 and \$101,114, respectively.

**The League** also maintains an account with a stock brokerage firm. The account contains primarily money market funds. Balances are insured up to \$500,000 with a limit of \$100,000 for cash by the Securities Investor Protection Corporation.

**NOTE 17 - SUBSEQUENT EVENTS:**

**The League** is required to evaluate events or transactions that may occur after the statements of financial position date for potential recognition or disclosure in the consolidated financial statements. **The League** performed such an evaluation through January 16, 2019, the date which the consolidated financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statements of financial position date requiring recognition or disclosure.

**NOTE 18 - SUBSIDIARY ACTIVITY:**

**The League** owns 99.99 percent equity and Liberty Bank and Trust Company owns 0.01 percent equity of a subsidiary company, Urban Equity Development Corporation (the Subsidiary). The Subsidiary meets the requirements of a Qualified Active Low-Income Community Business (QALICB) in accordance with the terms under the New Markets Tax Credit

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 19 - SUBSIDIARY ACTIVITY, CONTINUED:

(NMTC) program pursuant to Section 45(D) of the Internal Revenue Code (IRC) in order to obtain loans at reduced rates. As a result, the Subsidiary obtained two (2) loans from a Community Development Entity (CDE). Under the terms of the NMTC program, the Subsidiary must continue to meet the definition of a QALICB throughout the loan period. In addition, pursuant to Section 45(D) of the IRC, the Subsidiary cannot prepay the loans prior to July 21, 2017.

NOTE 20 - BOARD COMPENSATION:

The Board of Directors of **the League** is a voluntary board; therefore, no compensation was paid to any board member during the years ended June 30, 2018 and 2017.

NOTE 21 - FAIR VALUE MEASUREMENTS:

In accordance with FASB ASC 820, fair value is defined as the price that **the League** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the League's** assets or liabilities. The inputs are summarized in the three broad levels listed below.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 22 - FAIR VALUE MEASUREMENTS, CONTINUED:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The League's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the valuation of **the League's** investments measured at fair value by the FASB ASC 820 fair value hierarchy levels as of June 30, 2018 and 2017.

	<u>Fair Value</u>	Fair Value <u>Measurement Using:</u> Quoted Prices in Active Markets for Identical Assets ( <u>Level 2</u> )
<u>June 30, 2018</u>		
Endowment fund	\$ <u>38,128</u>	\$ <u>38,128</u>
<u>June 30, 2017</u>		
Endowment fund	\$ <u>35,369</u>	\$ <u>35,369</u>

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 23 - FINANCIAL INSTRUMENTS:

GAAP requires disclosure of an estimate of fair value of certain financial instruments. **The League's** significant financial instruments are cash and cash equivalents, short-term investment, note receivable, endowment fund, designated fund, revolving lines of credit and long term debt. For these financial instruments, carrying values approximate fair value.

The estimated fair values of **the League's** financial instruments as of June 30, 2018 and 2017 are as follows:

<u>June 30, 2018</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 461,637	\$ 461,637
Short-term investment	3,586	3,586
Endowment fund	38,128	38,128
Revolving lines of credit	132,736	132,736
Long-term debt	1,656,867	1,656,867

<u>June 30, 2017</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 367,879	\$ 367,879
Short-term investment	3,094	3,094
Endowment fund	35,369	35,369
Revolving lines of credit	300,000	300,000
Long-term debt	1,647,758	1,647,758

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 24 - Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 205): An Amendment of the FASB Accounting Standards Codification, which clarifies the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective on a retrospective basis for annual reporting periods beginning after December 15, 2017, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Income Statement – Extraordinary and Unusual Items*, which eliminates the concept of extraordinary items. Entities will no longer be required or permitted to present any items of gain or loss as extraordinary. The ASU also eliminates the need for intra-period tax allocation as these items are no longer presented separately below income from operations. This standard is effective for fiscal years, beginning after December 15, 2016. An early adoption is permitted and is not expected to have a significant impact on **the League's** consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The ASU amendments include changes related to how certain equity investments are measured, how changes are recognized in the fair value of certain financial liabilities measured under the fair value option, and how financial assets and liabilities are disclosed on **the League's** consolidated financial statements. Additionally, the ASU will also require entities to present financial assets and financial liabilities separately, grouped by measurement category and form of financial asset in the statement of financial condition or in the accompanying notes to the financial statements. Entities will also no longer have to disclose the methods and significant assumptions for financial instruments measured at amortized cost, but will be required to measure such instruments under the “exit price” notion for disclosure

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 25 - Recent Accounting Pronouncements, Continued:

purposes. The ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

In February 2017, the FASB issued ASU 2017-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2019. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this Update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

**SUPPLEMENTRY INFORMATION**

**URBAN LEAGUE OF LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT/ CONTRACT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed-through State of Louisiana, Department of Education: Child and Adult Care Food Program	27-041	10.558	\$ <u>47,944</u>
Total U.S. Department of Agriculture			<u>47,944</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed-through State of Louisiana, Department of Education: Twenty First Century Community Learning Center	CFMS 677740	84.287	<u>55,850</u>
Total U.S. Department of Education			<u>55,850</u>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>			
Direct Award: Women Business Ownership Program	SBAHQ-11-W0040	59.043	<u>132,344</u>
Total U.S. Small Business Administration			<u>132,344</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed-through Total Community Action: Early Head Start (Parent Child Center)	06CH0473	93.600	<u>502,587</u>
Total U.S. Department of Health and Human Services			<u>502,587</u>

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed-through National Urban League:			
Urban Youth Empowerment Program	FOA-ETA15-04	17.270	\$ 202,412
Training to Work	PE-27380-15-60-A36	17.270	<u>187,732</u>
Total U.S. Department of Labor			<u>390,144</u>
<b>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Passed through National Urban League:			
Americorps	15NDJINY001	94.006	<u>15,794</u>
Total U.S. Corporation for National and Community Service			<u>15,794</u>
Total Expenditures of Federal Awards			\$ 1,144,663

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, "Audit of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in the schedule may differ from accounts presented in or used in the preparation of the basic consolidated financial statements.

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	SUPPORT SERVICES				PROGRAM SERVICES			
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
<b>REVENUES</b>								
Federal grants	\$ 1,144,663	\$ -	\$ -	\$ -	\$ -	\$ 1,144,663	\$ 537,590	\$ 607,073
State, local and other grants	2,463,510	-	21,580	21,580	-	2,441,930	1,795,596	646,334
Board generated self-support	694,920	-	675,679	-	675,679	19,241	-	19,241
Client generated self-support	1,163,094	-	92,235	81,122	11,113	1,070,859	272,659	798,200
Interest Income	256	-	256	256	-	-	-	-
Realized gain on investment	2,759	-	2,759	2,759	-	-	-	-
Other revenue	465,434	276,424	189,010	189,010	-	-	-	-
In-kind contributions	92,519	-	-	-	-	92,519	-	92,519
Total self-generated revenue	6,027,156	276,424	981,519	294,727	686,792	4,769,212	2,605,845	2,163,367
United Way funding for next year	82,600	-	-	-	-	82,600	-	82,600
Grand total revenue	6,109,756	276,424	981,519	294,727	686,792	4,851,812	2,605,845	2,245,967

See the Independent Auditors' Report on Supplementary Information.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	SUPPORT SERVICES				PROGRAM SERVICES			
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
<b>EXPENSES</b>								
Compensation expenses	\$3,530,275	\$ -	\$ 492,300	\$ 443,070	\$ 49,230	\$ 3,037,975	\$ 1,804,503	\$ 1,233,472
Occupancy expenses	291,984	-	51,671	46,504	5,167	240,313	108,481	131,832
Professional fees and contracts	209,034	-	32,953	24,663	8,290	176,081	31,613	144,468
Food	45,876	-	2,013	1,925	88	43,863	8,663	35,200
Travel and transportation	48,580	-	7,815	5,608	2,207	40,765	32,647	8,118
Gala expenses	245,902	-	245,681	5,618	240,063	221	221	-
Supplies	62,750	-	6,772	6,095	677	55,978	21,059	34,919
Equipment rental	51,006	-	24,759	23,731	1,028	26,247	21,110	5,137
Printing and copying	48,039	-	1,990	1,435	555	46,049	3,438	42,611
In-kind costs	92,519	-	-	-	-	92,519	-	92,519
Other direct program expenses	954,587	-	199,967	182,917	17,050	754,620	359,317	395,304
Interest	116,554	87,283	14,614	13,153	1,461	14,657	7,350	7,307
Total expenses before depreciation	5,697,106	87,283	1,080,535	754,719	325,816	4,529,288	2,398,402	2,130,886
Net Difference	412,649	189,141	(99,016)	(459,992)	360,976	322,524	207,443	115,081
Depreciation	\$ 311,508	\$ 283,933	\$ 13,787	\$ 12,408	\$ 1,379	\$ 13,788	\$ 6,894	\$ 6,894
Total Direct Expenses						4,529,288	2,398,402	2,130,886
Percent of Total Program Expenses						100%	53%	47%
Distribution of Support Services								
Expenses						1,080,535	572,684	507,851
Grand Total Program Expenses						5,609,823	2,971,086	2,638,737

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2018

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**Chief Executive Officer Name:** Ms. Erika McConduit

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 167,920
Benefits – insurance	15,450
Benefits – retirement	7,758
Car allowance	214
Travel – local	4,085
Registration fees and conference travel	5,329
Special meals – meetings	2,427
Total	<u>\$ 203,183</u>

See the Independent Auditors' Report on Supplementary Information.



Member  
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Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

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

To the Board of Directors  
**Urban League of Louisiana, Inc. and Subsidiary**  
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the **Urban League of Louisiana, Inc. and Subsidiary (the League)** (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 16, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered **the League'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 League's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be significant deficiency.

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

**Internal Control Over Financial Reporting, Continued**

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.

We consider the deficiency described in the accompanying schedule of findings as item #2018-001 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **the League's** consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 result of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item #2018-001.

**The League's Response to Findings**

The **League's** response to the findings identified in our audit is described in the accompanying schedule of findings. The **League's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

**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 League'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 League's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

January 16, 2019



Member  
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Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

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Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

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

To the Board of Directors  
**Urban League of Louisiana, Inc. and Subsidiary**  
New Orleans, Louisiana

**Report on Compliance for Each Major Program**

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

**Management's Responsibility**

Management is responsible for compliance with the requirements of the laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of **the League'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 of America; 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

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

**Auditors' Responsibility, Continued**

Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the League'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 program. However, our audit does not provide a legal determination of **the League's** compliance.

**Opinion on Each Major Federal Program**

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

**Report on Internal Control Over Compliance**

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

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

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

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

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

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

January 16, 2019

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section I - Summary of Independent Auditors' Results**

*Financial Statements*

Type of auditors' report issued:

**Unmodified**

Internal Control Over Financial Reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_   X   yes    \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      X   no

Management letter comments

\_\_\_\_\_ yes      X   no

*Federal Awards*

Internal Control Over Major Programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditors' report issued on compliance for major programs:

**Unmodified**

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section I - Summary of Independent Auditors' Results. Continued**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)

**yes**       **no**

Identification of major programs:

CFDA Number

Name of Federal Program

17.270

Urban Youth Empowerment Program

17.270

Training to Work

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

**yes**       **no**

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS**

**Audit Finding Reference Number**

**2018-001     Reporting Process/Submission of Audit Report**

**Finding Classification**

Significant deficiency

**Finding Type**

Internal controls

**Finding Title**

Reporting process/submission of audit report

**Resolution (Resolved/Not Resolved/Partially Resolved)**

Resolved

**Number of Years Finding Reported**

One (1)-2018

**Financial Impact of Finding**

Less than \$150,000

**Resolution is With or Without Cause**

With cause

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2018-001     Reporting Process/Submission of Audit Report, Continued**

**Criteria**

Management of **the League** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting.

**Condition**

We noted during our audit **the League's** 2018 year-end reporting process was not completed until January 2019. Thus, **the League's** June 30, 2018 financial statements were prepared and finalized nearly six (6) months after the June 30, 2018 year end. Final adjustments to the 2018 financial statements were made in January 2019.

In addition, the June 30, 2018 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2018.

**Cause**

This condition was caused by 1) sudden turnover of key financial employees at the start of the reporting process, 2) the lack of a transitional period for the new accounting personnel to familiarize themselves with **the League's** financial operations, and 3) no written financial close and reporting policy to be followed for the accounting staff.

**Effect**

Financial information was not timely and accurately captured for the preparation of the June 30, 2018 financial statements and communicated to management and the board for their use.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2018-001     Reporting Process/Submission of Audit Report, Continued**

**Recommendation**

We recommend that management establishes a well-defined reporting process. The process and its key attributes (e.g. overall timing, format and frequency of analyses) are formally documented, approved and reviewed on a regular basis. We believe once this well-defined process is established, followed and monitored for its effectiveness, reliable and timely financial statements will be prepared for the use of management and the Board.

**Management's Response**

Key staff turnover and medical issues were the primary reasons for the delayed financial statements. These circumstances were both unusual and extenuating and are not expected to occur again. The executive leadership team meets on a weekly basis and reviews financial information during those meetings. The VP of Finance and Operations regularly communicates with the Board Treasurer and other members of the Board's Budget and Finance Committee. Internal financials and a finance report are presented to the committee during the bi-monthly meetings and are reviewed in detail at that time. The Board Treasurer presents the financials to the Board of Directors on a bi-monthly basis during meetings and they are reviewed and approved. Monthly financial information is also submitted to the National Urban League along with the Budget and Finance Committee report. Based on the above, financial information is being reviewed, monitored and reported on a regular basis.

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No Matters Reported

**STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

None reported in prior year

**STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT**

None reported in prior year

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY  
EXIT CONFERENCE**

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The audit report was discussed during the course of the audit and at an exit conference held with **the League**. The individuals who participated in those discussions were as follows:

**URBAN LEAGUE OF LOUISIANA INC. AND SUBSIDIARY**

Mr. Victor G. Robinson, CPA  
Mrs. Judy Reese Morse  
Ms. Shawne B. Favre, CPA

Chairman of Audit Committee  
President and Chief Executive Officer  
Vice President of Finance and Operations

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Joseph A. Akanji, CPA  
Mr. Jeremy Buffington

Engagement Partner  
Engagement Staff

**URBAN LEAGUE OF LOUISIANA**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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(Retired)  
Michael B. Bruno, CPA (2011)

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

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To the Management and the Board of Directors of  
**URBAN LEAGUE OF LOUISIANA**

We have performed the procedures enumerated below, which were agreed to by **URBAN LEAGUE OF LOUISIANA (ULLA)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs) for the year ended June 30, 2018 ("fiscal period"). ULLA's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and findings related to the statewide agreed-upon procedures are as follows:

**Written Policies and Procedures**

1. We obtained ULLA's written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

**No exceptions were noted.**

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.

**No exceptions were noted.**

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

**No exceptions were noted.**

d) Receipts, including receiving, recording, and preparing deposits.

**No exceptions were noted.**

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

**No exceptions were noted.**

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.

**No exceptions were noted.**

g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

**No exceptions were noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

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

**No exceptions were noted.**

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

**No exceptions were noted.**

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

**No exceptions were noted.**

**Board (or Finance Committee, if applicable)**

- 2. We obtained and reviewed the Board/Finance Committee minutes for the fiscal period to determine whether:
  - a) The Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

- b) The Board minutes referenced or included monthly budget-to-actual comparisons on ULLA's funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

**Bank Reconciliations**

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We also asked management to identify the entity's main operating account. obtained a listing of client bank accounts from management and management's representation that the listing is complete.

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4. From the listing provided by management, we selected the entity's main operating account and randomly select 4 additional accounts<sup>1</sup> (or all accounts if less than 5), then randomly selected one month (selected October 2017) from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observed that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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<sup>1</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

- 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

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- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

**Cash Collections**

- 5. We obtained 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, the we randomly selected 5 deposit sites (or all deposit sites if less than 5)

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

6. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers;

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

- 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;

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- 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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

- 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.

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

7. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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8. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #4 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)<sup>2</sup>. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

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<sup>2</sup> If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

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

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

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- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

*Disbursements – General (excluding credit card purchases or payments)*

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

*No exceptions were noted.*

10. For each location selected under #11 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

*No exceptions were noted.*

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

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

11. For each location selected under #9 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete, then we Randomly selected 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observed that the disbursement matched the related original invoice/billing statement.

*No exceptions were noted.*

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

*No exceptions were noted.*

**Credit Cards**

12. We obtained 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.

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13. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement (October 2017) or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

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

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14. Using the monthly statements selected under #13 above, we obtained supporting documentation for all transactions for each of the two cards selected. We reviewed each transaction to determine whether the transaction is supported by:

- a) An original itemized receipt that identifies precisely what was purchased

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

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

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

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

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

*Travel and Expense Reimbursement*

20. We obtained from a 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.

**No exceptions were noted.**

21. We randomly selected 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected we determined:

- 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](http://www.gsa.gov)).

**No exceptions were noted.**

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

**No exceptions were noted.**

- 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).

**No exceptions were noted.**

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

**No exceptions were noted.**

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Contracts

23. We obtained 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 and obtained the general ledger for the period June 1, 2017 through June 30, 2017 and filtered for contract payments. We obtained management's representation that the general ledger population is complete.

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

24. Using the listing above, we randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law<sup>3</sup> (e.g., solicited quotes or bids, advertised), if required by law.

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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<sup>3</sup> If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

**Payroll and Personnel**

25. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

26. We randomly selected one pay period (10/15/2017) during the fiscal period. For the 5 employees/officials selected under #25 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Up-on Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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- b) Observed that supervisors approved the attendance and leave of the selected employees/officials.

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

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

**The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."**

**Ethics (as requested by the Board of Directors)**

28. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above<sup>4</sup>, 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.

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<sup>4</sup> If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

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The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

- 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.

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

**Debt Service (as requested by the Board of Directors)**

29. We obtained 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.

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

30. We obtained 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.

The following sections of the Agreed Upon Procedures were tested last year for period June 30, 2017, resulting in no exceptions being noted. Per the Statewide Agreed-Upon Procedure prescribed by The Louisiana Legislative Auditor, "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2."

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Other

31. We inquired of management whether ULLA had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether ULLA reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

**No exceptions were noted.**

32. We observed ULLA's premises and website to determine whether ULLA posted the notice required by R.S. 24:523.1.

*No exceptions were noted.*

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion or conclusion on management's assertions, respectively, on those control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

January 16, 2019