

ADAPT, INC.

Bogalusa, Louisiana

**Financial Statements
For the Year Ended
December 31, 2019**

MINDA B. RAYBOURN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

Adapt, Inc.
Bogalusa, Louisiana

Financial Statements
As of and for the Year Ended
December 31, 2019
With Supplemental Information Schedule

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Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Ave

Franklinton, LA 70438

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Member

AICPA

Member

LCPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I have audited the accompanying financial statements of Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

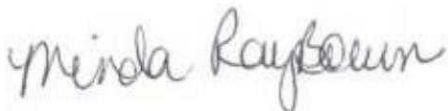
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adapt, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board members and schedule of compensation, benefits, and other payments paid to the agency are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my reported dated October 24, 2020 on my consideration of Adapt, Inc.'s internal control over financial reporting and on my tests of its compliance with certain laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adapt Inc.'s internal control over financial reporting and compliance.



Minda Raybourn CPA

Franklinton, LA
October 24, 2020

ADAPT, INC.

Statement of Financial Position

As of December 31, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$	175,218
Grant receivables		136,381
Property and equipment, net		<u>229,965</u>

Total Assets 541,564

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable		847
Note payable		<u>-</u>

Total Liabilities 847

Net Assets:

With donor restrictions		136,381
Without donor restrictions		<u>404,336</u>

Total Net Assets 540,717

Total Liabilities and Net Assets \$ 541,564

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

ADAPT, INC.

Statement of Activities

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
REVENUES AND OTHER SUPPORT			
Public Support			
Grants			
Victim's Assistance Program	\$ -	\$ 322,074	\$ 322,074
Partnership for Success	-	58,355	58,355
Project YOU		59,268	59,268
Sexual assault program	-	19,109	19,109
Substance abuse	-	50,525	50,525
Drug Free Communities	-	125,824	125,824
Heart Ahead Heart Smart	-	22,500	22,500
Addictive disorder/Life Skills Training	-	65,670	65,670
In-Kind Donations	81,256		81,256
United Way proceeds	22,917	-	22,917
Donations	13,650	-	13,650
Service and fee Revenue			
Drug screening fees	30,378	-	30,378
Counseling fees	7,919	-	7,919
Rent	20,500	-	20,500
Other Revenue	6,558	-	6,558
Net assets released from restrictions	723,325	(723,325)	-
Total revenues and other support	906,503	-	906,503
EXPENSES			
Program services	839,386	-	839,386
Supporting services:			
Management and general	29,464	-	29,464
Fundraising	-	-	-
Total support services	29,464	-	29,464
Total expenses	868,850	-	868,850
Change in net assets from operations	37,653	-	37,653
Nonoperating activities			
Interest Income	161	-	161
Total nonoperating activities	161	-	161
Change in net assets	37,814	-	37,814
Net assets, beginning of year	502,903	-	502,903
Net assets, end of year	\$ 540,717	\$ -	\$ 540,717

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

ADAPT, INC.

Statement of Functional Expenses

For the year ended December 31, 2019

	Program Services	Management & General	Total
Salaries & Payroll Taxes	353,078	12,716	365,793
Payroll Taxes	27,010	2,781	29,792
Advertising	658		658
Fringe Benefits	9,509		9,509
Professional Services	13,250		13,250
Consultants	113,226		113,226
Counselors (In Kind)	81,256		81,256
Crisis Line/Escort	14,518		14,518
Depreciation	-	5,445	5,445
Drug Screening	9,951		9,951
Dues/ & Subscriptions	2,850		2,850
Insurance	5,930	3,200	9,130
Interest Expense	1,384		1,384
Health Ahead Heart Smart	12,070		12,070
Equipment	12,648		12,648
Maintenance of Property	30,299		30,299
Meetings	1,972		1,972
Operating Services	800		800
Supplies	54,595	2,973	57,568
Take Back the Night	2,270		2,270
Telephone	10,475		10,475
Travel	59,083		59,083
Utilities	11,450		11,450
Property Taxes	-	2,919	2,919
Wellness	10,535		10,535
Total	838,816	30,034	868,851

The accompanying notes are an integral part of these financial statements

ADAPT, INC.

Statement of Cash Flows

For the year ended December 31, 2019

Cash Flows From Operating Activities

Change in Net Assets	\$ 37,814
Adjustments to Reconcile Operating Income to Net Cash	
Flows From Operating Activities:	
Depreciation	5,445
Decrease in Grants Receivable	23,220
Increase in Accounts Payable	848
Decrease in Payroll Tax Payable	(2,992)
Net Cash Flows From Operating Activities	<u>64,335</u>

Cash Flows from Investing Activities

Purchase of fixed assets	-
Net Cash Used in Investing Activities	<u>-</u>

Cash Flows from Financing Activities

Payments of note payable	(50,000)
Net Cash Flows from Financing Activities	<u>(50,000)</u>

Net Change in Cash and Cash Equivalents	14,335
Cash and Cash Equivalents - Beginning of Year	<u>160,883</u>
Cash and Cash Equivalents - End of Year	<u>\$ 175,218</u>

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

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporation and Nature of Activities

Adapt, Inc. (the "Organization") is a Louisiana non-profit corporation formed on July 22, 1994. The Organization's purpose is to provide education and out-patient therapy and assessments in the area of substance abuse; to provide education, out-patient therapy and assessments to victims of sexual assault; to provide general mental health and social services through collaboration, coordination, education, assessment, and intervention, and to enter into any lawful business activity which corporations organized under Revised Statute 12:201 et seq. engage, either for its own account or on behalf of others as an agent.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting based on accounting principles generally accepted in the United States. Under these standards, the Organization is required to report its financial position and activities in two classes. The classes of net assets are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Recognition

The Organization receives the majority of its funding through federal grants which are passed through local state agencies. Revenue from grants is recognized at the time that the underlying expenses which are reimbursable according to the terms of the grant are incurred.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

The Organization also provides services on a fee for service basis. These services include drug screening and counseling. Revenue from such services is recognized at the time the services are provided to the client.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all short-term debt securities with maturity of three months or less to be cash equivalents.

Grant Receivables

Grant receivables represent amounts due for reimbursement of expenses which had been incurred by the Organization as of December 31, 2019, which were reimbursable under federal grants, and which had not been reimbursed to the Organization as of December 31, 2019.

In-Kind Donations

The Organization received professional services and other services of \$81,256 for the year ended December 31, 2019. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind on the accompanying statements of activities and functional expenses.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among animal services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on the grant's activities.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana Statutes. Accordingly, the Organization has not provided any provision for income taxes in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of December 31, 2019:

Financial assets at year end:	2019
Cash and cash equivalents	\$ 175,218
Grant receivable	136,381
Total financial assets	<u>311,599</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 311,599</u>

The Organization’s goal is to generally maintain financial assets to meet 90 days of operating expenses.

NOTE 3: CASH AND CASH EQUIVALENTS

The Organization’s cash equivalents at December 31, 2019 were comprised of demand deposits in the amount of \$175,218. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must all time equal the amount on deposit with the fiscal agent. At December 31, 2019 the Organization has \$181,483 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance up to \$250,000.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

NOTE 4: GRANTS RECEIVABLE

The Organization's receivables consist of reimbursements due for federal grant expenditures. Amounts due as of December 31, 2019 were as follows:

Sexual Assault Counselor Program	\$ 1,968
Kids Don't Gamble	3,745
Life Skills Training	10,025
Drug Free Communities	25,363
Sexual Assault Services	2,791
Victim's Assistance Program	92,489
	<u>\$ 136,381</u>

NOTE 5: FIXED ASSETS

In December 2018, the Organization purchased the building and property it had been leasing since July 1, 2017. The purchase price was \$235,865. The Organization paid \$185,865 while securing the remaining \$50,000 with proceeds. The Organization recorded one month of depreciation of \$5,445 using the straight-line method. The amount recorded for the property net of depreciation is \$229,966.

The cost and accumulated depreciation of the assets are listed below:

Land	\$ 23,500
Building	212,365
Less: Accumulated Depreciation	(5,900)
Property, Plant, and Equipment, Net	<u>\$ 229,965</u>

NOTE 6: LONG TERM DEBT

As described in Note 5, the Organization purchased the building and property located it had been leasing for \$235,865. Of this amount, the Organization obtained loan proceeds of \$50,000 from Capital One Bank to secure the property. The loan will be paid in monthly installments of \$990 starting January 12, 2019 and ending on December 12, 2023. The interest rate is 6.90%.

During 2019, the Organization paid the loan in full. Interest expense in the amount of \$1,384 was recorded.

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

NOTE 7: CONCENTRATION OF REVENUE

The Organization had the following concentration of operating revenue sources for the fiscal year ending December 31, 2019:

Public Support			
Grants			
Victim's Assistance Program	\$	322,074	36%
Partnership for Success		58,355	6%
Project YOU		59,268	7%
Sexual assault program		19,109	2%
Substance abuse		50,525	6%
Drug Free Communities		125,824	14%
Heart Ahead Heart Smart		22,500	2%
Addictive disorder/Life Skills Training		65,670	7%
In-Kind Donations		81,256	9%
United Way proceeds		22,917	3%
Donations		13,650	2%
Service and fee Revenue			
Drug screening fees		30,378	3%
Counseling fees		7,919	1%
Rent		20,500	2%
Other Revenue		6,558	1%
 Total Revenues	 \$	 <u>906,503</u>	 <u>100%</u>

ADAPT, INC
Notes to the Financial Statements
DECEMBER 31, 2019

NOTE 8: SCHEDULE OF FEDERAL GRANT AWARDS

Grants from governmental agencies include the following for the year ended December 31, 2019:

	<u>Federal Expenditures</u>
<u>FEDERAL GRANTS</u>	
United States Department of Health and Human Services	
Substance Abuse and Mental Health Services	
Drug Free Communities	122,730
Project You	55,497
Louisiana Department of Health & Hospitals	
Rape Prevention Education	-
Florida Parishes Human Services Authority	
Addictive Disorder Services	
Partnerships for Success	47,858
Life Skills Training	72,047
Addictive Disorder	24,430
Substance Abuse Prevention	26,414
United States Department of Justice	
Louisiana Commission on Law Enforcement	
Sexual Assault Counselor	
Sexual Assault Program	7,636
Victim's Assistance Program	302,615
Sexual Assault Service Program	10,760
Total Federal Grant Expenditures	\$ 669,987

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through October 24, 2020, the date the financial statements were available for issuance and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2019.

ADAPT, INC.

Schedule of Board Members

For the year ended December 31, 2019

	TERM
Effice Clayton, President 58428 Jake Talley Road Bogalusa, LA 70427 985-516-5355	1/1/19-12/31/19
Erin Killingworth, Vice President 1403 North Avenue Bogalusa, La 70427 985-281-2232	1/1/19-12/31/19
Dana Dodds, Secretary 1318 Settlers Drive Bogalusa, La 70427 985-516-1223	1/1/19-12/31/19
Michelle Knight, Treasurer 64284 Foster Town Road Angie, La. 70426 985-516-4520	1/1/19-12/31/19
Allenda Pigott, Member Hamp Pigott Road Bogalusa, La. 70427 985-516-7335	1/1/19-12/31/19
Thomas R. Fornea, Chief Executive Officer 53474 Hwy 736 Angie, La. 70426 985-516-7016	1/1/19-12/31/19

Board Members are re-elected each year and receive no compensation.

See independent auditor's report.

ADAPT, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2019

Agency Head: Thomas R. Fornea, Director

Salary	\$ 80,320
Benefits-Social Security and Medicare	6,144
Reimbursement for supplies	38
Telephone	363
Travel	5,083
Total	<u>\$ 91,948</u>

See independent auditor's report.

Minda B. Raybourn
Certified Public Accountant
Limited Liability Company
820 11th Ave
Franklinton, LA 70438
985-839-4413 (Telephone)
985-839-4402 (Fax)

Member
AICPA

Member
LCPA

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

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 24, 2020

Internal Control over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

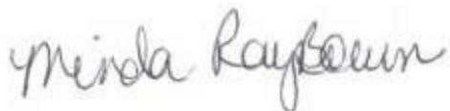
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn, CPA

Franklinton, LA
October 24, 2020

Schedule of Findings and Responses

Adapt, Inc.

Bogalusa, LA

For the year ended December 31, 2019

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

The organization did not receive federal awards in excess of \$750,000 during the year ended December 31, 2019, and therefore is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform guidance).

**Schedule of Findings and Responses
Adapt, Inc.
Bogalusa, LA**

For the year ended December 31, 2018

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

The organization did not receive federal awards in excess of \$750,000 during the year ended December 31, 2017, and therefore is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform guidance).

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Avenue

Franklinton, Louisiana 70438

(985) 839-4413

Fax (985) 839-4402

MEMBER
AICPA

MEMBER
LCPA

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Adapt, Inc.
216 Memphis St.
Bogalusa, LA 70427
And the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Adapt, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Adapt, Inc. does not have disaster recovery/business continuity policies and procedures.

Management response: WE will implement policies and procedures on disaster recovery/business continuity.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board meets quarterly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The board minutes do not reference actual to budget comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes references non-budgetary financial information during the fiscal period for at least one meeting.

Management Response: We will include the budget to actual comparisons with the board minutes.

Bank Reconciliations

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

A listing of bank accounts and management's representation was obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit*

or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
Bank reconciliations were prepared.
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
The external accountant reviews the bank reconciliations.
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
Management has documentation reflected that is researched reconciling items older than 6 months.

Collections

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

A listing of collection locations and management's representation were obtained.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Employees are not bonded. There is one person who collects cash. A separate person records the deposit into QuickBooks. The external accountant reconciles the bank account. There is one cash drawer that is shared.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Cash collections to the general ledger are reconciled by the external accountant. Reconciling by revenue sources is done by the external accountant, whom is not responsible for cash collections.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

➤ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

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

The external accountant each month reviews all collections, including electronic transfers for each revenue source. The external accountant is not responsible for cash collections.

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

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

A listing and management's representation were obtained.

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

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

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

The program director will review the receipts with the statement. She will prepare the payment. The executive director will pay online.

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

No exceptions noted.

11. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

No exceptions were noted for 16 a) through c).

Travel and Expense Reimbursement

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

A listing of all travel and related expense reimbursements and management's representation were obtained.

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

Per diems used for mileage were paid at \$0.54 per mile which is under the GSA rate.

14. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Reimbursement rates did not exceed GSA rates.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The program director approves travel related expense and reimbursements.

Other

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

No exceptions noted.

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

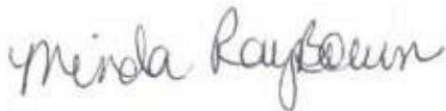
No exceptions noted.

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

No exceptions noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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



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