

NEW HORIZONS, INC.
SHREVEPORT, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NEW HORIZONS, INC.
SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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Paul Dauzat, CPA

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P.O. Box 12359
Alexandria, LA 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New Horizons, Inc.
Shreveport, LA.

Report on the Financial Statements

I have audited the accompanying financial statements of New Horizons, Inc., a Louisiana non-for-profit corporation, which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits 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 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 New Horizons, Inc., as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for the 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 a report dated February 26, 2018, on my consideration of New Horizons, Inc.'s, internal control over financial reporting and on my 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 my 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 New Horizon's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of my audit.



Paul Dauzat, CPA
February 26, 2018

NEW HORIZONS, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

Current Assets:

Cash and cash equivalents	\$ 18,346
Certificate of Deposit	55,301
Contract and Grant Receivables	68,729
Total Current Assets	<u>\$ 142,376</u>

Property and Equipment:

Property and Equipment	62,999
Accumulated Depreciation	(45,529)
Net Property and Equipment	<u>17,470</u>

Total Assets	<u><u>\$ 159,846</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable - Trade	\$ 17,648
Accrued Expenses - Payroll	33,875
Accrued Expenses - Compensated Absences	9,928
Total Current Liabilities	<u>61,451</u>

Net Assets:

Unrestricted:	98,395
Total Net Assets	<u>98,395</u>

Total Liabilities and Net Assets	<u><u>\$ 159,846</u></u>
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The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>
<u>Revenues and Other Support:</u>	
Federal and State grants	\$ 572,468
Medicaid programs	1,515,727
Other program income	91,430
Fundraising Income	21,554
Other Income	24,838
Interest income	381
Total Revenues and Other Support	<u>2,226,398</u>
 <u>Expenses:</u>	
Program Expenses	2,115,535
Supporting services:	
Management and general	253,909
Fundraising	3,316
Total Expenses	<u>2,372,760</u>
 <u>Change in Net Assets</u>	(146,362)
 <u>Net Assets - Beginning of Year</u>	<u>244,757</u>
 <u>Net Assets - End of Year</u>	<u><u>\$ 98,395</u></u>

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

NEW HORIZONS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Cash Flows from Operating Activities:</u>	
Increase (Decrease) in Net Assets	\$ (146,362)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,558
(Increase) decrease in operating assets:	
Contract and Grant receivables	188,592
Prepaid Expenses	4,500
Increase (decrease) in operating liabilities	
Accounts payable - Trade	1,752
Accrued Expenses - Payroll	(85,951)
Accrued Expenses - Compensated Absences	<u>(17,482)</u>
Net Cash provided (used) by operating activities	<u>(50,393)</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of short-term investment	(330)
Purchase of property and equipment	<u>-</u>
Net cash used in investing activities	<u>(330)</u>
<u>Cash Flows from Financing Activities</u>	<u>-</u>
<u>Net increase (decrease) in cash</u>	(50,723)
<u>Cash at Beginning of Year</u>	<u>69,069</u>
<u>Cash at End of Year</u>	<u>\$ 18,346</u>
Required Supplementary Information:	
Interest Paid During the Year	<u>\$ -</u>

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

NEW HORIZONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Expenses	Program Services	Supporting Services, Management & General	Fundraising	Total
Salaries and Wages	\$ 1,538,377	\$ 165,134	\$ -	1,703,511
Payroll Taxes	145,619	15,632	-	161,251
Employee Benefits	23,198	9,330	-	32,528
Insurance	30,988	18,406	-	49,394
Equipment purchases - Consumer	608	-	-	608
Services/Supplies - Consumer	9,913	-	-	9,913
Office Exp	10,164	7,292	-	17,456
Training	1,261	420	-	1,681
Travel	39,816	2,095	-	41,911
Dues and Subscriptions	2,814	938	-	3,752
Contracted Services	128,631	14,929	-	143,560
Rent	105,529	11,726	-	117,255
Fundraising	-	-	3,316	3,316
Repairs and Maintenance	2,791	88	-	2,879
Public Awareness	33,946	3,771	-	37,717
Telephone	20,783	2,309	-	23,092
Utilities	14,172	1,575	-	15,747
Miscellaneous	2,367	264	-	2,631
Depreciation	4,558	-	-	4,558
Total Expenses	<u>\$ 2,115,535</u>	<u>\$ 253,909</u>	<u>\$ 3,316</u>	<u>\$ 2,372,760</u>

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

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies

A. Nature of Activities

New Horizons, Inc. (New Horizons), is a nonprofit corporation under the laws of the State of Louisiana. New Horizons was established to provide an opportunity for those individuals with disabilities to live independently through a broad range of support services including informational support, educational services, personal care attendants, transportation, recreation, and other services, and to make possible a broader life for those individuals and families with special needs. The following programs are administered by New Horizons, shown with their approximate percentages of total revenue:

Medicaid — 71 %
Title VII Part C — 15%
State Grants — 12%
Program and Other Income — 2%

B. Basis of Accounting

The financial statements of New Horizons, Inc., have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when they are incurred.

C. Basis of Presentation

The Organization has adopted FASB Accounting Standard Codification 958-205 “Not-for-Profit Organizations.” Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the organization in accordance with the Articles of Incorporation and bylaws.

Temporary restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the organization or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

In addition, the Organization is required to present a statement of cash flows.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

D. Income Tax Status

New Horizons, Inc., is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. New Horizons, therefore, is not subject to income taxes and, therefore, no provision for income taxes was made in the accompanying financial statements.

The Organization follows the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB ASC. All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization had no tax interest and penalties for the year ended September 30, 2017.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2015 through 2017. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, New Horizons considers all highly liquid investments in money market funds, operating bank accounts and investments available for current use with initial maturity of three months or less to be cash equivalents.

G. Investments and Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

- Level 2 uses observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs have the lowest priority. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The certificate of deposit recorded in the accompanying financial statements has a balance of \$55,301. The certificate bears interest of .60% with a six-month maturity date of December 13, 2017. The Level 2 input used for the certificates of deposit was cost, which approximates fair value.

H. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state and federal regulations. All expenditures in excess of \$2,500 for property and equipment are capitalized.

I. Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Federal and State contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. Retirement Obligations

The employees of New Horizons are members of the Social Security System. There are no other retirement plans available through New Horizons.

K. Compensated Absences

Annual leave is earned by employees as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
One year	One week
Over five years	Two weeks

Generally, up to four weeks of unused annual leave may be carried over to succeeding fiscal years.

Sick leave is earned at the rate of one day per calendar month of employment, and accumulates up to twelve days. Employees are not compensated for unused sick leave at termination.

L. Advertising

New Horizon's, Inc. expenses advertising costs as incurred. Advertising expense for the year ended September 30, 2017 was \$8,090.

M. Contributions

In accordance with the *Accounting for Contributions Received and Contributions Made* Topic of FASB ASC (FASB ASC 958), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-55, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restrictions or the funds are expended in accordance with the donor's intention. The Organization has elected to recognize temporarily restricted contributions which are released from the restrictions in the same year as unrestricted contributions.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

N. Functional Allocation of Expense

The costs of providing the Organization's programs and services have been summarized on a functional basis in the Statement of Functional Expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

O. Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer time and perform a variety of tasks that assist the Organization with specific programs and assignment.

2. Concentrations of Credit Risk

Financial instruments that potentially subject New Horizons to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of September 30, 2017, New Horizons had no significant concentrations of credit risk in relation to grant receivables.

New Horizons maintains cash balances at one financial institution which, at times, may exceed the federally insured deposit limits. At September 30, 2017, New Horizons had \$ 23,388 on deposit at this bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

3. Contract and Grant Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or grant agreements. This balance represents amounts due from funding sources at September 30, 2017, but received after those dates. The following list indicates those funds due by funding source:

Medicaid	\$ 29,708
State Grants	<u>39,021</u>
Total Contract and Grant Receivable	<u>\$ 68,729</u>

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

4. Property and Equipment

Property and equipment consisted of the following at September 30, 2017:

	<u>Estimated Depreciable Life</u>	
Furniture and equipment	5 - 7 years	\$19,911
Vehicles	3 - 5 years	43,088
Accumulated depreciation		<u>(45,529)</u>
Net investment in property and equipment		<u>\$17,470</u>

Depreciation expense for the year ended September 30, 2017 was \$4,558.

5. Federal, State and Medicaid Contractual Revenue

During the years ended September 30, 2017, New Horizons received \$2,111,306 in revenue from Federal, state and Medicaid contracts and grants. The continued existence of these funds is based on annual contract renewals with various funding sources. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined.

6. Leases

New Horizons, Inc., leases office space under several operating leases. Rental costs on those leases for the years ended September 30, 2017, was \$116,290. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of September 30, 2017, are as follows:

<u>Years Ending September 30</u>	
2018	100,755
2019	97,785
2020	94,000
2021	<u>44,700</u>
Total	<u>\$ 337,240</u>

7. Line of Credit

The Organization maintains a credit line for up to \$50,000. There was no outstanding balance on this line of credit at September 30, 2017.

NEW HORIZONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

8. Economic Dependency

New Horizons receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds New Horizons receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

9. Board of Directors Compensation

The Board of Directors is a voluntary board: therefore, no compensation or per diem has been paid to any Director

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 26, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Paul Dauzat, CPA

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**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
New Horizons, Inc.

I 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 financial statements of New Horizons, Inc., (a non-profit corporation), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 26, 2018.

Internal Control over Financial Reporting

In planning and performing my audit, I considered New Horizons, 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 the New Horizons, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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 over financial reporting 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 financial reporting 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.

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 New Horizons, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, board of directors, others within the entity, and government entities and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

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



Paul Dauzat, CPA
February 26, 2018

NEW HORIZONS, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None
Significant deficiencies identified not considered to be material weaknesses:	None
Noncompliance material to financial statements noted?	None
Was a management letter issued?	None

Section II – Financial Statement Audit Findings

None.

NEW HORIZONS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED
September 30, 2017

There were no prior year findings for the fiscal year ended June 30, 2016.

NEW HORIZONS, INC.
Shreveport, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Year Ended September 30, 2017

Agency Head Name: Gale Dean, Executive Director

Purpose	Amount
Salary	\$ 49,937
Benefits-Insurance	None
Benefits-Retirement	None
Accrued Leave	None
Car Allowance	None
Vehicle Provided By Government	None
Per Diem	None
Reimbursements	None
Travel	None
Registration Fees	None
Conference Travel	None
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To: Board of Directors
New Horizons, Inc.

I have performed the procedures enumerated below, which were agreed to by New Horizons, Inc. 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 period October 1, 2017 through September 30, 2017. 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, I 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 results are presented in the accompanying Schedule of Procedures, Results and Managements' response where applicable.

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.



Paul Dauzat, CPA
Alexandria, Louisiana
February 22, 2018

NEW HORIZONS, INC.
 STATEWIDE AGREED-UPON PROCEDURES
 SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
 For The Year Ended September 30, 2017

WRITTEN POLICIES AND PROCEDURES

Agreed-Upon Procedure	Results	Managements' Response
Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions: <ul style="list-style-type: none"> * Budgeting * Purchasing * Disbursements * Receipts * Payroll/Personnel * Contracting * Credit Cards * Travel and expense reimbursements * Ethics * Debt 	Reviewed the entity's written policies and procedures and ascertained that they addressed the following: <div style="text-align: center;"> yes yes yes yes yes yes yes yes n/a n/a </div>	

NEW HORIZONS, INC.
 STATEWIDE AGREED-UPON PROCEDURES
 SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
 For The Year Ended September 30, 2017

Agreed-Upon Procedure	Board (or Finance Committee) Results	Managements' Response
<p>Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>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.</p> <p>b) Report whether the minutes reference or included monthly budget to actual comparisons on the general fund and any funds identified as major funds in the entity prior audit (GAAP basis).</p> <p>If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>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.</p>	<p>Reviewed the board minutes for the year ended.</p> <p>yes</p> <p>no</p> <p>n/a</p> <p>yes</p>	<p>The Organization does not utilize a general fund.</p>

NEW HORIZONS, INC.
 STATEWIDE AGREED-UPON PROCEDURES
 SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
 For The Year Ended September 30, 2017

Bank Reconciliations

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of client bank accounts from management:</p> <p>Using the listing provided by management, select a minimum of five (5) or all if less than five (5) and report whether:</p> <p>a) Bank reconciliations have been prepared.</p> <p>b) Bank reconciliations include evidence that a member of management or a board member has reviewed each reconciliation.</p> <p>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.</p>	<p>Obtained a listing of bank accounts with representation that the list was complete. Three (3) bank accounts.</p> <p>Selected all three bank accounts.</p> <p>yes</p> <p>yes</p> <p>no outstanding items greater than 6 months</p>	

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	Collections		
Agreed-Upon Procedure	Results		Managements' Response
<p>Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>Using the list provided by management, select a minimum of five (5) or all if less than 5 cash locations and obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> * bonded * not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. * not required to share the same cash register or drawer with another employee. <p>b) 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.</p>	<p>n/a</p> <p>No cash collection locations.</p>		

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Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) Select the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> * Report whether the deposits were made within one day of collection. * Verify that daily cash collections are completely supported by documentation. <p>Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>		

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Disbursements-General

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of entity disbursements from management.</p> <p>Using the disbursements population from above, randomly select 25 disbursements excluding credit card/debit card/fuel card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screen logs for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <ul style="list-style-type: none"> a) Purchases were initiating using requisition/ purchase order system. b) Purchase orders were approved by a person who did not initiate the purchase. c) Payments for purchases were not processed without: <ul style="list-style-type: none"> * An approved requisition and/or purchase order * A receiving report showing receipt of goods purchased. * An approved invoice. <p>Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursements system.</p>	<p>Obtained list of disbursements from disbursements journal.</p> <p>Selected 40 disbursements. Entity uses purchase requisition system on non-recurring monthly payments.</p> <p style="text-align: center;">yes</p> <p>On non-recurring purchases that were not pre-approved by either contract or board approval.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no</p> <p style="text-align: center;">25</p>	<p>Items are checked off of invoice when received.</p> <p>The entity has limited staff.</p>

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Disbursements-General

Agreed-Upon Procedure	Results	Managements' Response
Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	no The executive director can initiate purchases and also has signatory authority.	All disbursements require 2 signatures.
Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	yes	
If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks are maintained under his or her control or is used only with the knowledge and consent of the signer.	n/a	

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Credit Cards/Debit Cards/Fuel Cards

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain from management a listing of all active credit cards, bank debit cards and fuel cards.</p> <p>Select the monthly statement or combined statement with the largest dollar activity for each card:</p> <p>a} Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b} Report whether finance charges and/or late fees were assessed on the selected statements.</p> <p>Using the monthly statements or combined statements selected, obtain supporting documentation for all transactions for each of the cards selected.</p> <p>a) Obtain supporting documentation for all transactions for each card selected by:</p> <ul style="list-style-type: none"> * An original itemized receipt * Documentation of the business purpose. * Other documentation that may be required by written policy. <p>b} Compare the transaction's detail to the entity's written purchasing/disbursement policies and the La. Public Bid Law.</p> <p>c) Compare the entity's documentation of the business purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.</p>	<p>Obtained a listing of credit cards and fuel cards. Selected 2 credit cards.</p> <p>Selected the monthly statement with the largest dollar activity for each card.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">There was a finance charge on one statement.</p> <p>Obtained supporting documentation for all transactions on each card.</p> <p>Obtained supporting documentation for each card:</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no exceptions noted.</p>	

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Travel and Expense Reimbursement

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain from management a listing of all travel and related expense reimbursements, by person.</p> <p>Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceeded the GSA rates.</p> <p>Using the listing or general ledger, select 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:</p> <p>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 entity does not have written policies, compare to the GSA rates and report each reimbursement that exceeded those rates.</p> <p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> * An original itemized receipt that identifies precisely what was purchased. * Documentation of the business purpose. * Other documentation as may required by written policy. 	<p>Obtained a listing of all travel expense reimbursements by person.</p> <p>Entity reimburses using the GSA rates established at the time of reimbursement.</p> <p>Selected 3 employees that incurred the largest travel costs for the year ended. Obtained the related expense documentation and selected the largest travel reimbursement for each person.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">28</p>	

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Travel and Expense Reimbursement

Agreed-Upon Procedure	Results	Managements' Response
<p>Compare the entity's documentation of the business 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, report the transaction as an exception.</p> <p>Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.</p>	<p>No excepti</p> <p>yes</p>	

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Agreed-Upon Procedure	Contracts Results	Managements' Response
<p>Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort for contract payments. Obtain management's representation that the list is complete.</p> <p>Select five (5) contract vendors that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the contracts and payments and:</p> <ul style="list-style-type: none"> a) Report whether there is a formal/written contract that supports the services and amount paid. b) Compare each contract's detail to the La. Public Bid Law or Procurement Code. Report whether each contract is subject to the La. Public Bid Law or Procurement Code. c) Report whether the contract was amended. Report the scope and dollar amount of any amendments and whether the contract provided for such an amendment. d) Select the largest payment from each of the 5 contracts and compare the payment to the contract terms and report compliance with the terms of the contract. e) Obtain board minutes and report whether there is documentation of board approval. 	<p>Obtained a list of all contracts in effect during the fiscal period with representation that the list was complete.</p> <p>Selected five (5) contract vendors that were paid the most money during the fiscal period.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">n/a</p> <p>Selected the largest payment from each of the 5 contracts and compared the payment.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p>	

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Payroll and Personnel

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of employees (elected officials, if applicable) with their related salaries, and obtain management's representation that the list is complete. Randomly select 5 (or one third if greater than 5 employees) , obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/ salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>Obtained a listing of all employees with related compensation amounts and a representation that the list was complete. Selected 12 employees and obtain personnel files.</p> <p>yes</p> <p>yes</p>	
<p>Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or one-third of employees/officials if less than 25) during the fiscal period and:</p> <p>a) Report whether all selected employees/ officials documented their daily attendance and leave. (if an elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p>	<p>Obtained time sheets and leave records and selected a pay period in which leave had been taken by one employee. Selected 25 employees</p> <p>yes</p> <p>yes</p> <p>31</p>	

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Payroll and Personnel

Agreed-Upon Procedure	Results	Managements' Response
<p>c) Report whether there is written documentation that the entity maintained written leave records (e.g. hours earned, hours used, and the balance available) on those selected employees/officials that earn leave.</p> <p>Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p> <p>Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.</p>	<p>yes</p> <p>Obtained a list of terminated employees during the fiscal period and management's representation.</p> <p>Selected the two (2) largest termination payments.</p> <p>yes</p> <p>Obtained payroll tax returns and cancelled checks.</p> <p>yes</p>	

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Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>Using the five randomly selected employees/officials, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.</p> <p>Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.</p>	N/A	

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Debt Service

Agreed-Upon Procedure	Results	Managements' Response
<p>If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.</p> <p>If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.</p> <p>If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceeded debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.</p>	<p>N/A</p>	

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Agreed-Upon Procedure	Other Results	Managements' Response
<p>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.</p>	<p>inquired no misappropriations discovered or reported</p>	
<p>Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.</p>	<p>yes</p>	
<p>If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.</p>	<p>none noted</p>	