

**LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2019**

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Louisiana Center for the Blind, Inc.  
Ruston, Louisiana

***Report on the Financial Statements***

I have audited the accompanying financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 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 in *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 those 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. 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.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Center for the Blind, Inc. as of June 30, 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.

***Emphasis of Matter Effect of Adopting New Accounting Standard***

As discussed in Note 41, the Financial Accounting Standards Board issued Accounting Standards Update (“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 Center adopted ASU 2016-14 for the year ended June 30, 2019. My opinion is not modified with respect to this matter.

***Other Matter***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 report dated December 18, 2019, on my consideration of the Louisiana Center for the Blind, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Center for the Blind, Inc.’s internal control over financial reporting and compliance.

*David M. Hault, CPA (APAC)*

## FINANCIAL STATEMENTS

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 238,308
Accounts receivable	460,368
Investments in annuities	257,179
Investments	2,108,984
Prepaid income taxes	346
Prepaid expenses	73,311
Accrued interest and dividends	<u>4,115</u>
Total current assets	<u>\$ 3,142,611</u>
Property and equipment	
Land	\$ 153,070
Building and improvements	3,317,101
Machinery and equipment	364,679
Furniture	58,869
Vehicles	<u>201,090</u>
	\$ 4,094,809
Less accumulated depreciation and amortization	<u>(2,721,148)</u>
Total property and equipment (net)	<u>\$ 1,373,661</u>
Total assets	<u><u>\$ 4,516,272</u></u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts payable	\$ 61,693
Compensated absences payable	<u>109,968</u>
Total current liabilities	<u>\$ 171,661</u>
Net assets	
Without donor restrictions	
Undesignated	\$ 4,336,024
Designated	-
With donor restrictions	<u>8,587</u>
Total net assets	<u>\$ 4,344,611</u>
Total liabilities and net assets	<u><u>\$ 4,516,272</u></u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Revenue and support without donor restrictions	
Unrestricted revenues and gains	
Contributions	\$ 53,679
Federal financial assistance	187,528
Louisiana financial assistance	503,500
Program service fees	1,030,278
Investment return	123,572
Fund-raising income-bingo and other	2,291,344
Other	<u>56,135</u>
Total unrestricted revenues, gains, and other support	\$ 4,246,036
Net assets released from restrictions	
Restrictions satisfied by payments	<u>29,584</u>
Total unrestricted revenues, gains, other support, and reclassifications	<u>\$ 4,275,620</u>
Expenses and losses	
Program services	
Training program	\$ 1,988,823
Buddy program	15,297
Step program	<u>47,170</u>
Total program services	\$ 2,051,290
Supporting services	
Management and general	376,970
Fund-raising	2,265,716
Unallocated payments to affiliated organizations	<u>11,000</u>
Total expenses and losses	<u>\$ 4,704,976</u>
Change in net assets without donor restrictions	<u>\$ (429,356)</u>
Changes in net assets with donor restrictions	
Contributions	\$ 5,087
Private grant revenue	15,320
Net assets released from restrictions	<u>(29,584)</u>
Change in net assets with donor restrictions	<u>\$ (9,177)</u>
(Decrease) in net assets	\$ (438,533)
Net assets at beginning of year	<u>4,783,144</u>
Net assets at end of year	<u><u>\$ 4,344,611</u></u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.  
MONROE, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services		Total
	Training Program	Program Buddy	STEP Program	Management and General	Bingo Fund- Raising	
Compensation and related expense						
Compensation	\$ 647,768	\$ -	\$ -	\$ 72,586	\$ 89,663	\$ 810,017
Payroll taxes	35,239	-	-	6,431	6,859	48,529
Fringe benefits	118,477	-	-	24,986	-	143,463
Total compensation and related expenses	801,484	-	-	104,003	96,522	1,002,009
Other expenses						
Conference and training	47,839	731	13,440	16,434	-	78,444
Depreciation and amortization	72,906	67	1,221	-	-	74,194
Dues and reference materials	-	-	-	6,436	-	6,436
Insurance	-	-	-	-	-	-
Property and casualty	98,097	-	-	24,524	-	122,621
Vehicles	23,186	-	-	-	-	23,186
Workers' compensation	8,040	-	-	893	-	8,933
Income tax on unrelated business income	-	-	-	-	5,200	5,200
Occupancy:						
Electricity, gas, water, and sewer	49,888	755	835	1,910	-	53,388
Maintenance	22,049	77	-	17,464	-	39,590
Rent	-	-	-	1,976	123,800	125,776
Postage and shipping	5,814	-	-	1,452	-	7,266
Printing	673	74	66	23	-	836
Prizes	-	-	-	-	1,873,123	1,873,123
Professional fees	528	1,695	3,964	113,057	-	119,244
Recreational activities	41,214	1,641	2,004	-	-	44,859
Service charges & investment fees	70	-	-	9,520	-	9,590
Specific assistance	692,289	-	-	-	-	692,289
Supplies:						
Fund-raising, bingo, and other	-	-	-	-	161,735	161,735
Cleaning	46,161	-	-	3,270	-	49,431
Education	44,364	2,275	6,967	-	-	53,606
Office	9,695	724	600	10,345	-	21,364
Other	-	-	-	2,071	-	2,071
Shop	3,408	-	-	-	-	3,408
Telephone	6,872	-	-	471	-	7,343
Transportation - fuel, repairs, & other	14,241	192	728	16,281	-	31,442
Travel - lodging & meals	707	-	574	15,831	-	17,112
Work experience allowance (stipends)	-	6,400	14,200	-	-	20,600
Other	(702)	666	2,571	31,009	5,336	38,880
Total expenses	\$ 1,988,823	\$ 15,297	\$ 47,170	\$ 376,970	\$ 2,265,716	\$ 4,693,976

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.  
MONROE, LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

<b>Cash flows from operating activities</b>	
(Decrease) in net assets	\$ (438,533)
Adjustments to reconcile net increase in net assets to cash provided by operating activities:	
Depreciation and amortization	74,194
Non cash contributions	8,093
Realized (gains) on investments	(1,591)
Unrealized (gains) on investments	(30,932)
(Increase) decrease in operating assets	
Accounts receivable	(20,948)
Prepaid income taxes	5,200
Prepaid expenses	(10,175)
Accrued interest receivable	3,954
Increase (decrease) in operating liabilities	
Accounts payable	28,583
Compensating absences payable	(15,002)
	<u>(397,157)</u>
Net cash (used) operating activities	<u>\$ (397,157)</u>
<b>Cash flows from investing activities</b>	
Proceeds on sales of investments	\$ 1,074,786
Purchase of short-term investments, net	(1,066,084)
Proceeds of annuities investment	257,670
Payments for property and equipment	(17,767)
	<u>248,605</u>
Net cash provided by investing activities	<u>\$ 248,605</u>
<b>Cash flows from financing activities</b>	
Net cash used for financing activities	<u>\$ -</u>
Net (decrease) in cash and cash equivalents	<u>\$ (148,552)</u>
Beginning cash and cash equivalents	<u>\$ 386,860</u>
Ending cash and cash equivalents	<u><u>\$ 238,308</u></u>
<b>Supplemental information</b>	
Interest paid	\$ -
Income taxes paid	\$ -

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Louisiana Center For The Blind, Inc. (Organization) in Ruston, Louisiana operates a training facility for blind adults. The Organization works towards integrating the blind into the social and economic life of their community through training in the skills of blindness and by encouraging the development of positive attitudes about blindness. The Organization receives a fixed monthly fee for each student in the program from the student's home state.

The Organization is supported primarily through legislative state and federal grant programs, "bingo" fund-raising, and contributions by affiliate organizations, private companies, and individuals.

Contributed Services

During the year ended June 30, 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and may perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts for assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those assumed in valuing the market value of investments, expected return on investments, and the useful lives of depreciable assets. It is at least possible that the significant estimates will change within the next year.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with principles generally accepted ("GAAP") in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets which are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will either (1) expire by incoming expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Support and Revenues

Certain revenues received under government grant programs are subject to audit by the providing agency. Contributions are considered to be available for unrestricted use unless specifically restricted by the grantor or the Board of Directors.

Accounts Receivable

The Organization has not recognized an allowance for uncollectible accounts for the current period. All accounts receivable are estimated to be collectible for the current period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Contributions

Under ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, the Organization realized \$24,762 in unrelated business taxable income related to fund-raising activity for the current year. The unrelated business income tax reported on IRS Form 990-T for the year ended June 30, 2019, was \$5,200. The tax years ending June 30, 2017, 2018, and 2019, are subject to examination by the Internal Revenue Service. The Organization is not currently under examination by the Internal Revenue Service.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

Compensated Absences

Employees of the Organization are entitled to paid vacations and sick days depending on the length of service to the Organization. Permanent full-time employees earn sick leave at the rate of one day per month of employment, given on the last day of the first full month of employment. Sick leave can be accrued up to one month or a total of 480 hours. Sick leave in excess of 480 hours will be lost. No pay is granted at termination for any earned sick leave.

Permanent full-time employees may earn up to ten days per year of annual leave at the rate of one day (8 hours) per month of employment. Five of the ten annual leave days must be taken during a period specified by the Executive Director and the remaining five annual leave days may be taken with the approval of the Director. Employees terminating their employment, whether voluntarily or involuntarily, will not be paid for accrued annual leave.

The Organization accrued compensated absences in the amount of \$109,968 for the year ended June 30, 2019.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was \$238,308. The following is a summary of specific account information by custodial institution:

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Average Interest Rate</u>
Cash on hand	\$ 2,031		
<u>First National Bank, Ruston, Louisiana</u>			
Operating account	\$ 33,624	\$ 175,315	.25%
"Contribution" money market	29,101	29,220	.25%
"Buddy" operating account	48,778	48,778	.25%
"STEP" operating account	32,007	42,747	.25%
	<u>\$ 143,510</u>	<u>\$ 296,060</u>	

- continued -

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Average Interest Rate</u>
<u>Certificate of deposits - (FNB) -</u>			
January 28, 2018, due July 28, 2019	\$ 15,811	\$ 15,811	.65%
Subtotal	\$ 159,321	\$ 311,871	
<u>Origin Trust Bank, Ruston, Louisiana</u>			
"Bingo" operating account	\$ 56,779	\$ 66,082	
<u>Charles Schwab Institutional</u>			
Schwab One Account	\$ 20,177	\$ 20,177	.30%
Total cash and cash equivalents	\$ 238,308		

The Organization has secured its deposits with FDIC insurance and pledged securities, when applicable, at each financial institution.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019, consists of the following:

Various state agencies for tuition and expenses	\$ 346,535
Louisiana Rehabilitation Services	110,595
Other	<u>3,238</u>
	<u>\$ 460,368</u>

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2019. There were \$203,151 of account receivable balances over 90 days past due.

NOTE 4 - INVESTMENT AND ANNUITIES

The Organization has short-term investments in a number of annuity contracts with Western National Life Insurance Company. As of June 30, 2019, the amount of the investments and related information follows:

	<u>Cost</u>	<u>Stated Interest Rate</u>	<u>Maturity Date</u>	<u>Interest Paid</u>
Nonqualified annuity	\$ 257,179	2.0%	9/11/19	Annually

The cost of the annuities plus accrued interest as of June 30, 2019, approximates the fair market value of the securities. Total interest earned for the current fiscal year ended June 30, 2019, was \$6,635.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 5 - SHORT-TERM INVESTMENTS (continued)**

The investments in Franklin Income Class A represent fifty-one (51%) percent of the investments and exceeded five (5%) percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2019, in the amount of \$2,108,984.

All short-term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2019, were \$9,288.

The following schedule summarizes the unrestricted investment return and its classification in the statement of activities for the current fiscal year:

Dividend income	\$	81,551
Interest income		7,596
Net realized gains from sale of securities		1,591
Net unrealized gains on investments		30,932
Capital gain distributions		1,902
Total investment return	<u>\$</u>	<u>123,572</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

All expenditures for land, buildings, and equipment in excess of \$500 are capitalized. Certain assets, such as computer software, are amortized for three years. Depreciation is computed by the straight-line method, beginning in the month of acquisition, based on the following estimated useful lives:

Instructional buildings and apartment complex	20/40 years
Student activity center	15 years
Leasehold improvements	10 years
Furniture and fixtures	7 years
Office equipment	5 years
Transportation equipment	5 years

Depreciation and amortization expense for the year ended June 30, 2019, was \$74,194. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

Property and equipment, stated at cost, consist of the following at June 30, 2019:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 153,070	\$ -
Vehicles	201,090	193,724
Buildings and improvements	3,317,101	2,191,593
Machinery and equipment	364,679	279,323
Furniture and fixtures	58,869	56,508
	<u>\$ 4,094,809</u>	<u>-</u>
Accumulated depreciation and amortization	<u>(2,721,148)</u>	<u>\$ 2,721,148</u>
Total	<u>\$ 1,373,661</u>	

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - FEDERAL FINANCIAL ASSISTANCE**

The Organization has been awarded various contracts from the federal government to provide education services to residents. The contract is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended June 30, 2019, was as follows:

State of Louisiana, Department of Social Services Louisiana Rehabilitation Services Purpose: to provide independent living services, training, and support to older blind individuals	\$ <u>123,685</u>
Total federal contract	\$ <u>123,685</u>

**APH Federal Quota**

The Federal Act to Promote the Education of the Blind was enacted by Congress in 1879. This Act is a means for providing adapted educational materials to eligible students who meet the definition of blindness. An annual registration of eligible students determines a per capita amount of money designated for the purchase of education materials produced by the American Printing House for the Blind (APH). These funds are credited to Federal Quota accounts.

The Organization received \$8,093 of materials and equipment during the current fiscal year.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of the noncompliance by the Louisiana Center for the Blind, with the terms of the grants.

**NOTE 8 - CONCENTRATION OF CREDIT RISK**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of money market accounts. The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 9 - EMPLOYEE BENEFIT PLAN**

The Organization maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403 (b), for the benefit of its eligible employees. Under the plan, the Organization contributes one and one-half (1 ½%) percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half (1 ½%) percent of each eligible employee's salary. Retirement contributions by the Organization during the period June 30, 2019, was \$14,521.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate such value:

Cash and cash equivalents: For these instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities: For investment securities with readily determinable fair values, all investments in debt securities are based upon quoted market prices, if available. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

The Organization has determined the estimated market value amounts by using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated values.

	June 30, 2019	
	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$ 238,308	\$ 238,308
Investment securities:		
Stocks, bonds, and notes	\$ 2,108,984	\$ 2,108,984

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended June 30, 2019, using quoted markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Stocks, bonds, and notes	\$ 2,108,984	\$ -	\$ -	\$ 2,108,984

**NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 12 - OPERATING LEASE**

The Organization entered into an operating lease on May 15, 2014, for building and premises located at 804 Cypress Street, West Monroe, Louisiana, containing approximately 9,000 square feet for purposes of conducting bingo games. The rent expense will be \$700 per session. The lease will be on a month-to-month basis. This lease may be cancelled by either party with 30 days written notice.

The rent expense related to this property for the year ended June 30, 2019, was \$123,800

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

Composition of net assets with donor restrictions

The following is the composition by type of fund of net assets with donor restrictions as of June 30, 2019:

	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Living Well Grant	\$ _____	\$ 8,587	\$ _____	\$ 8,587

New Orleans Foundation Grant

The Center received \$10,000 in scholarship funds during the 2016-2017 fiscal year to pay for the education and training expenses of a student. Of the \$10,000, \$4,100 was expended during that year and released. The Center received additional \$10,000 scholarship funds during the 2017-2018 fiscal year to pay for the education and training expenses of a student. Of the \$10,000, \$9,621 was expended during that fiscal year and released. During the current fiscal year the remaining \$6,279 was expended and released.

Living Well Grant

The Center received \$11,485 scholarship funds related to the Buddy Program during the 2017-2018 fiscal year to pay for the program education and training expenses of students. The Buddy Program began during July of 2018. The \$11,485 balance was expended and released as of June 30, 2019.

The Center received \$15,320 scholarship funds related to the Buddy Program during the 2018-2019 fiscal year to pay for the program education and training expense of students. It also included an amount for equipment that the Center purchased for \$3,045 during the current fiscal year. This year, the Buddy Program began during July of 2019. The Center spent \$6,733, including the equipment, during current fiscal year. The \$8,587 balance represents donor restricted funds as of June 30, 2019.

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENT**

During the year ended June 30, 2019, the Center adopted FASB Accounting Standards Under (ASU) 2016-14. *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The update was designed to (1) improve the usefulness of information of the not-for-profit financial statements, (2) reduce complexities or costs for preparers, or (3) both improve usefulness and reduce complexities or costs. The update was applied to the financial statements retrospectively.

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENT (continued)**

Implementation of ASU 2016-14 changed the classification of net assets from three groups permanently restricted, temporarily restricted, and unrestricted; to two groups: net assets with donor restrictions, and net assets without donor restrictions. In addition, a reporting of expenses by their natural expense classification (such as salaries) as well as their functional classification (program services and support services), is presented in the Statement of Functional Expenses.

**NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 238,308
Accounts Receivable	460,368
Short Term Investments	2,108,984
Accrued Interest and Dividends	<u>4,115</u>
Total	<u>\$ 2,811,775</u>

None of the financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

**NOTE 16 - SUBSEQUENT EVENTS**

In accordance with ASC 855, the Louisiana Center for the Blind, Inc. evaluated subsequent events through December 18, 2019, the date these financial statements were available to be issued and determined that there were no significant events to report.

**SUPPLEMENTARY INFORMATION**

LOUISIANA CENTER FOR THE BLIND, INC.  
RUSTON, LOUISIANA

SCHEDULE I - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO EXECUTIVE DIRECTOR  
FOR THE YEAR ENDED JUNE 30, 2019

Pamela Allen, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$63,368
Benefits-insurance	15,968
Benefits-retirement	1,901
Benefits-other	N/A
Car allowance	N/A
Vehicle provided by Organization	N/A
Per diem	1,000
Reimbursements	956
Travel	2,881
Registration fees	155
Conference travel	970
Continuing professional education fees	N/A
Housing	N/A
Unvouchered expenses	N/A
Special meals	N/A
Other- annual dues	1,369

The accompanying notes are an integral part of this financial statement.

**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**

Board of Directors  
Louisiana Center for the Blind, 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 the Louisiana Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 18, 2019.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Center'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 Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center'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 the Center'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*David M. Nault, CPA (APAC)*

West Monroe, Louisiana  
December 18, 2019

**LOUISIANA CENTER FOR THE BLIND, INC.**  
**RUSTON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

To The Board of Directors  
Louisiana Center for the Blind, Inc.  
Ruston, Louisiana

I have audited the financial statements of Louisiana Center for the Blind, Inc. as of and for the year ended June 30, 2019, and have issued my report thereon dated December 18, 2019. 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 in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2019, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness \_\_\_\_\_ yes X no  
Significant Deficiencies not considered to be  
Material Weaknesses \_\_\_\_\_ yes X no

Compliance

Compliance Material to Financial Statements \_\_\_\_\_ yes X no

B. Federal Awards

Material Weakness Identified \_\_\_\_\_ yes X no  
Significant Deficiencies not considered to be  
Material Weaknesses \_\_\_\_\_ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified \_\_\_\_\_ Qualified \_\_\_\_\_  
Disclaimer \_\_\_\_\_ Adverse \_\_\_\_\_

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)  
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A  
Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

**LOUISIANA CENTER FOR THE BLIND, INC.**  
**RUSTON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

**LOUISIANA CENTER FOR THE BLIND, INC.**  
**RUSTON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Internal Control and Compliance Material to the Financial Statements**

This section not applicable.

**Internal Control and Compliance Material to Federal Awards**

This section not applicable.

**Management Letter**

This section not applicable.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Louisiana Center for the Blind, Inc. and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Louisiana Center for the Blind, 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 July 1, 2018 through June 30, 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, 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 exceptions obtained are described in the attachment to this report.

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.

*David M. Hartt, CPA (APAC)*

West Monroe, Louisiana  
December 18, 2019

## Written Policies and Procedures

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
  - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
  - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
  - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
  - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) **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.

### Exceptions

No exceptions were identified in the performance of the procedures listed above, except for disaster recovery/business continuity. The Center will have this policy in place during the next fiscal year.

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

#### Exceptions

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

#### Exceptions

There is no evidence that a member of management with no involvement in the transactions associated with the bank account has reviewed each bank reconciliation. There are no outstanding checks over six months old on any reconciliation. The Executive Director will initial all bank reconciliations upon review.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

### Collections (excluding EFTs)

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

### Exceptions

All cash/checks/money order (cash) collection is done at one location, the Center's office in Ruston, LA. Most receipts come in the form of direct deposits, but when checks are received the person receiving the check is bonded. The person responsible for depositing the checks does not reconcile the bank statements but does record the transaction. There is no formal process to reconcile collections to the general ledger. There is no written policy for the Center to determine completeness of all collections.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Exceptions**

A listing of disbursements was obtained and from that, 25 disbursements were randomly selected. Requisition or purchase orders are not used in purchasing and there is approval on the invoices. There is one employee in charge of accounts payable. This employee can add vendors to the computer system, but has no signatory authority. The Director has signatory authority, and initiates all purchases. Blank checks are maintained in the locked filing cabinet and a signature stamp is used, but is locked up as well.

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

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

#### Exceptions

There was no evidence that the transactions were approved in writing on the statements tested. Also, there were some finance charges on some of the statements tested. The Center will monitor the payments to be paid timely and the Director will initial all statements upon their review.

#### *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### Exceptions

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

## ***Contracts***

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### Exceptions

No exceptions were noted as a result of these procedures.

## ***Payroll and Personnel***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions

No exceptions were noted as a result of these procedures.

***Ethics***

---

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exceptions

This is not applicable for this not for profit entity.

***Debt Service***

---

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exceptions

This is not applicable for this entity.

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions

Inquired of management whether the Center had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises, the notice required by R.S. 24:523.1.