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**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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A Professional Accounting Corporation

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**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2019**

## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities for the year ended June 30, 2019	4
Consolidated Statement of Activities for the year ended June 30, 2018	5
Consolidated Statement of Functional Expenses for the year ended June 30, 2019	6
Consolidated Statement of Functional Expenses for the year ended June 30, 2018	7
Consolidated Statements of Cash Flows	8
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	9 - 16
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	17
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	18 - 19

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana National Guard Foundation

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Louisiana National Guard Foundation (the "Organization") (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years ended June 30, 2019 and 2018, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana National Guard Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years ended June 30, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Organization adopted Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

### Other Information

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

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Metairie, Louisiana  
December 27, 2019

**LOUISIANA NATIONAL GUARD FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Cash	\$ 297,798	\$ 2,076,728
Cash, restricted (see Note 7)	306,188	-
Accounts receivable	11,194	1,753
Note receivable	100,000	-
Prepaid expenses	3,217	1,072
Other assets	35,795	5,467
Accrued interest	13,874	-
Investments	1,815,256	-
Property and equipment - net	13,479	-
Burn System Receivable, net (see Note 7)	2,247,334	-
	<u>4,844,135</u>	<u>2,085,020</u>
Total assets	<u>\$ 4,844,135</u>	<u>\$ 2,085,020</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 44,576	\$ 49,411
Accrued expense	17,924	5,335
Funds held in escrow	306,188	-
Deferred revenue	51,000	29,100
	<u>419,688</u>	<u>83,846</u>
Total liabilities	<u>419,688</u>	<u>83,846</u>
Net assets without donor restrictions	1,224,479	1,234,003
Net assets with donor restrictions	3,199,968	767,171
	<u>4,424,447</u>	<u>2,001,174</u>
Total net assets	<u>4,424,447</u>	<u>2,001,174</u>
Total liabilities and net assets	<u>\$ 4,844,135</u>	<u>\$ 2,085,020</u>

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

**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>REVENUES AND SUPPORT</u></b>			
Billeting	\$ 727,148	\$ -	\$ 727,148
Contributions, net	29,673	2,511,707	2,541,380
Other revenue	127,330	79,425	206,755
Fundraising event revenue, net of related expense of \$15,371	(6,114)		(6,114)
Lease revenue	449,469	-	449,469
Interest income, net	23,324	-	23,324
Net assets released from restriction	158,335	(158,335)	-
Total revenues and support	1,509,165	2,432,797	3,941,962
<b><u>EXPENSES</u></b>			
Program services	1,114,836	-	1,114,836
Management and general	403,853	-	403,853
Total expenses	1,518,689	-	1,518,689
Change in net assets	(9,524)	2,432,797	2,423,273
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>	1,234,003	767,171	2,001,174
<b><u>NET ASSETS AT END OF THE YEAR</u></b>	<u>\$ 1,224,479</u>	<u>\$ 3,199,968</u>	<u>\$ 4,424,447</u>

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

**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>REVENUES AND SUPPORT</u></b>			
Billeting	\$ 638,337	\$ -	\$ 638,337
Contributions	223,272	141,101	364,373
Contributed net assets (note 3)	-	535,779	535,779
Other revenue	111,159	812	111,971
Fundraising event revenue, net of related expense of \$9,560	14,359	-	14,359
Lease revenue	227,440	-	227,440
Interest income, net	5,618	-	5,618
Net assets released from restriction	10,603	(10,603)	-
	<u>1,230,788</u>	<u>667,089</u>	<u>1,897,877</u>
<b><u>EXPENSES</u></b>			
Program services	695,198	-	695,198
Management and general	126,690	-	126,690
	<u>821,888</u>	<u>-</u>	<u>821,888</u>
Change in net assets	408,900	667,089	1,075,989
<b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b>	<u>825,103</u>	<u>100,082</u>	<u>925,185</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>	<u>\$ 1,234,003</u>	<u>\$ 767,171</u>	<u>\$ 2,001,174</u>

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



**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Expenses	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Grants	\$ 541,961	\$ -	\$ -	\$ 541,961
Legal	58,057	229,614	-	287,671
Cleaning supplies and service	273,354	-	-	273,354
Professional fees	-	149,888	-	149,888
Surcharge	47,611	-	-	47,611
Program services and supplies	46,104	-	-	46,104
Utilities	44,445	-	-	44,445
Bank and credit card fees	26,048	-	-	26,048
Other	22,074	2,943	-	25,017
Special event	-	-	15,371	15,371
Morale, welfare, and recreation	14,823	-	-	14,823
Software	10,044	1,265	-	11,309
Office supplies	4,301	5,212	-	9,513
Scholarships	8,500	-	-	8,500
Auto expense	-	7,594	-	7,594
Mentor training	7,241	-	-	7,241
Advertising	6,230	-	-	6,230
Repairs and maintenance	3,785	-	-	3,785
Board expense	-	3,725	-	3,725
Depreciation	-	2,696	-	2,696
Insurance	-	916	-	916
Memorial brick expense	178	-	-	178
Staff development	80	-	-	80
Total expenses by function	1,114,836	403,853	15,371	1,534,060
Less expenses included with revenues on the statement of activities	-	-	(15,371)	(15,371)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,114,836</u>	<u>\$ 403,853</u>	<u>\$ -</u>	<u>\$ 1,518,689</u>

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

**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Expenses	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Legal	\$ 228,113	\$ 15,238	\$ -	\$ 243,351
Cleaning supplies and service	235,637	-	-	235,637
Professional fees	-	95,839	-	95,839
Grants	93,331	-	-	93,331
Surcharge	26,266	-	-	26,266
Bank and credit card fees	25,793	-	-	25,793
Utilities	24,114	-	-	24,114
Other	17,844	2,434	-	20,278
Program services and supplies	18,034	-	-	18,034
Special event	-	-	9,560	9,560
Office supplies	3,789	4,630	-	8,419
Auto expense	-	7,811	-	7,811
Scholarships	6,200	-	-	6,200
Repairs and maintenance	5,941	-	-	5,941
Morale, welfare, and recreation	5,856	-	-	5,856
Advertising	2,410	-	-	2,410
Software	1,770	219	-	1,989
Insurance	-	519	-	519
Mentor training	100	-	-	100
Total expenses by function	695,198	126,690	9,560	831,448
Less expenses included with revenues on the statement of activities	-	-	(9,560)	(9,560)
Total expenses included in the expense section on the statement of activities	<u>\$ 695,198</u>	<u>\$ 126,690</u>	<u>\$ -</u>	<u>\$ 821,888</u>

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

**LOUISIANA NATIONAL GUARD FOUNDATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 2,423,273	\$ 1,075,989
Adjustments to reconcile change in net assets		
Depreciation	2,696	-
Contributed net assets	-	(535,779)
Notes receivable	(100,000)	-
Discount on Burn System Receivable	1,064,590	-
Changes in operating assets and liabilities:		
Accounts receivable	(9,441)	(1,753)
Prepaid expenses	(2,145)	(1,072)
Other assets	(30,328)	(5,467)
Accrued interest	(13,874)	-
Burn System Receivable	(3,311,924)	-
Accounts payable	(4,835)	33,098
Accrued expenses	12,589	5,335
Deferred revenue	21,900	29,100
Net cash provided by operating activities	<u>52,501</u>	<u>599,451</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of investments	(1,815,256)	-
Purchases of property and equipment	(16,175)	-
Escrow payable	306,188	-
Contributed net assets	-	535,779
Net cash (used in) provided by investing activities	<u>(1,525,243)</u>	<u>535,779</u>
Net (decrease) increase in cash and restricted cash	(1,472,742)	1,135,230
Cash and restricted cash at beginning of year	<u>2,076,728</u>	<u>941,498</u>
Cash and restricted cash at end of year	<u><u>\$ 603,986</u></u>	<u><u>\$ 2,076,728</u></u>
<b><u>RECONCILIATION OF CASH:</u></b>		
Cash	\$ 297,798	\$ 2,076,728
Restricted cash	<u>306,188</u>	<u>-</u>
Total cash and restricted cash	<u><u>\$ 603,986</u></u>	<u><u>\$ 2,076,728</u></u>

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

# LOUISIANA NATIONAL GUARD FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies**

#### Organization

The Louisiana National Guard Foundation is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The mission of the Organization and its wholly owned subsidiaries' (LANG Foundation – Camp Minden, LLC, LANG Foundation – Camp Minden Rail, LLC and LANG Foundation – Solar Power, LLC) (collectively, “the Organization”) is to exclusively support the educational programs and the museums of the Louisiana National Guard as well as the Louisiana National Guard’s mission, its members, veterans and their families.

In order to increase The Military Department of Louisiana’s (“LMD”) capabilities to accomplish its mission, LMD has a Billeting Program (the Program) for transient housing for soldiers, airmen, employees and other first responders at its major installations (Camp Beauregard, Camp Minden, Jackson Barracks, and the Gillis W. Long Center). In February of 2017, the LMD and the Organization entered into a cooperative endeavor agreement to operate and maintain the Program.

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Louisiana National Guard Foundation and its wholly owned subsidiaries (LANG Foundation – Camp Minden, LLC, Camp Minden Rail, LLC, and LANG Foundation – Solar Power, LLC). All significant intercompany balances and transactions have been eliminated in consolidation.

#### Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

# LOUISIANA NATIONAL GUARD FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies (continued)**

#### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents set aside for long term purposes at June 30, 2019 and 2018 were \$103,256 and \$0, respectively, and are included in investments in the consolidated statements of financial position.

#### Accounts and Note Receivable

Accounts receivable and note receivable are recorded at their outstanding balance, net of any allowance for doubtful accounts, if determined necessary. Management does not have an allowance for doubtful accounts as outstanding amounts are considered collectible.

#### Investments

Investments consist of certificates of deposit which are recorded at historical cost. Interest earned on investments is recognized on the accrual basis and is included in interest income in the consolidated statements of activities.

#### Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the condition on which they depend has been substantially met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions.

During an initial phase-in period, the Organization worked with the LMD to determine the best practices for operation of the Program. During this period the Organization recognized billeting revenue when notified by the LMD. The phase-in period expired on January 31, 2018. After the phase-in period, the Organization recognizes billeting revenue at the time the service is performed.

#### Contributed Services

Members of the Organization's board of directors have made significant contributions of their time to assist in the Organization's operations and related charitable programs. In accordance with US GAAP, the value of this contributed time is not recorded in these consolidated financial statements as it does not meet the criteria for recognition.

#### Concentration of credit risk

The Organization maintains its cash in bank deposit accounts at several financial institutions. The balances, at times, may exceed federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

# LOUISIANA NATIONAL GUARD FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies (continued)

#### Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and are reconciled to the natural classifications in the consolidated statements of functional expenses. The majority of direct costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been allocated among the Organization's programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Legal expenses, office supplies, software, and other expenses have been allocated based on time and effort.

#### Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

#### Accounting Changes

During 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-18 Statement of Cash Flows (Topic 230): *Restricted Cash* requires presentation of the total change in cash, cash equivalents, restricted cash, and restricted cash equivalents for the period in the statement of cash flows. The ASU applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. ASU 2016-18 is effective for years beginning after December 15, 2018 with early adoption permitted. The Organization has elected to early adopt the ASU.

## LOUISIANA NATIONAL GUARD FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Accounting Changes (continued)

As of July 1, 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This adoption of ASU 2016-14 had no impact on the Organization's consolidated total net assets.

##### Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for the Organization's year ended June 30, 2020.

The FASB has issued ASU No. 2014-09, (Topic 606), *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This ASU will be effective for the Organization's year ended June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU will be effective for the Organization's year ended June 30, 2022.

The Organization believes there will be no material impact on consolidated total net assets upon adoption of these ASUs.



## LOUISIANA NATIONAL GUARD FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **2. Liquidity and Availability**

The following represents the Organization's financial assets and those available to meet general expenditures within twelve months as of June 30, 2019.

Financial assets at year end:

Cash	\$ 603,986
Accounts receivable	11,194
Note receivable	100,000
Investments	1,815,256
Receivable - Burn System, net	2,247,334
Total financial assets	<u>4,777,770</u>

Less amounts not available to be used within twelve months:

Investments with maturities greater than twelve months	245,000
Net assets with donor restrictions	3,199,968
	<u>3,444,968</u>

Financial assets available to meet general expenditures  
over the next twelve months

\$ 1,332,802

The Organization's liquidity management plan includes adopting a balanced operating budget and maintaining operating reserves equal to \$287,000 or approximately 25% of annual operating expenses. The Organization invests excess cash in certificates of deposit and money market accounts.

#### **3. Contributed Net Assets**

In October of 2017, the Youth Challenge Foundation, Inc. (YCP) agreed to contribute its net assets to the Organization. Assets contributed consisted of \$172,751 in cash at the date of contribution. There were no liabilities of YCP at the time of the contribution. This transaction was accounted for under the acquisition method of accounting. The Organization will continue to support the mission of YCP. The cash received as part of the transaction is restricted for YCP purposes.

In January of 2018, the Military Education and Training Enhancement Fund, Inc. (METEF) agreed to contribute its net assets to the Organization. Assets contributed consisted of \$363,028 in cash at the date of contribution. There were no liabilities of METEF at the time of the contribution. This transaction was accounted for under the acquisition method of accounting. The Organization will continue to support the mission of METEF. The cash received as part of the transaction is restricted for METEF purposes.



## LOUISIANA NATIONAL GUARD FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 4. Note Receivable

In conjunction with the Burn System, see Note 7, the Organization received a note receivable with a face amount of \$100,000 bearing interest at 6%. The note is to be paid to the Organization in full with accrued interest in March 2021.

#### 5. Investments

Investments consist of cash equivalents of \$103,256 and certificates of deposits. At June 30, 2019, the short term certificates of deposit of \$1,467,000 have maturity dates through June 2020 with interest rates ranging from 2.30-2.55%. Long-term certificates of deposit of \$245,000 have a maturity date in April 2021 with an interest rate of 2.50%.

#### 6. Rail Car Storage and Lease Revenue

During September and October of 2017, the Organization, through the creation of subsidiary special purpose entities, LANG Foundation – Camp Minden, LLC, and LANG Foundation Camp Minden Rail, LLC, entered into two cooperative endeavor agreements (CEA) with the LMD to operate as the master subtenant that will sublease a rail line and a ground lease to private entities. The proceeds generated by these leases are to be spent in accordance with instructions provided by the Adjutant General (TAG) or directly forwarded to TAG within twelve months of the Organization's fiscal year end.

During the years ended June 30, 2019 and 2018, the Organization earned \$378,000 and \$223,320, respectively, related to these two CEAs.

Minimum lease payments to be received under these agreements are as follows at June 30, 2019:

2020	\$ 388,712
2021	379,785
2022	378,000
2023	378,000
2024	378,000
Thereafter	1,669,500
	<u>\$ 3,571,997</u>

## LOUISIANA NATIONAL GUARD FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **7. Burn System**

In response to a need to safely dispose of surplus military munitions stored at Camp Minden, Louisiana, LMD constructed a contained burn chamber (the Burn System) for the destruction of the munitions.

LMD and LANG – Camp Minden, LLC entered into a cooperative endeavor agreement in April 2018 to remediate, clean, and disassemble the Burn System and relocate the Burn System to a temporary location on Camp Minden, and after a period not to exceed one year after the transfer closing requirements are met, to relocate the Burn System outside the state of Louisiana. The CEA was updated in March 2019.

In return for assistance with certain tasks and consideration, on March 22, 2019 LMD conveyed all of its rights, title and interest in the cleaned Burn System to the Organization after relocation to the temporary storage site and the completion of the EPA requirements. Immediately upon receipt of the interest in the Burn System, the Organization conveyed all of its rights in and obligations related to the asset to a third party for consideration totaling \$3,586,924. The Act of Sale and an Assignment and Assumption Agreement were executed on March 22, 2019.

As a result of this transaction, the Organization recognized contribution revenue of \$2,247,334, net of a discount and allowance for the year ended June 30, 2019. Revenue and the Burn System Receivable were discounted by \$1,064,590 using a risk-adjusted rate of 3%. The Burn System Receivable is to be paid over fifteen years and management recorded an allowance of \$75,000. The Organization also received cash totaling \$83,000 and a note receivable in the amount of \$100,000, due on March 22, 2021 (the "Maturity Date").

With respect to the Burn System Receivable, the Organization expects to receive \$0 in less than one year as of June 30, 2019, \$180,000, net of \$20,000 of expenses paid by Burn System purchaser, within one to five years and the remainder \$3,206,924 due after five years.

The Organization had cash in an escrow account totaling \$306,188 as of June 30, 2019 to be used solely to satisfy obligations connected to the Burn System dismantling and relocation.

The CEA stated that the proceeds from the sale of the Burn System were to be restricted for the establishment of the Louisiana National Guard Relief Fund to be established by the Organization. Based on this, the contribution was reflected as a donor restricted contribution in accordance with US GAAP.

**LOUISIANA NATIONAL GUARD FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Restricted Assets**

Net assets with donor restrictions are available for the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Friends of the Louisiana National Guard Museum	\$ 135,655	\$ 133,395
Youth Challenge Program and Military Education Training Enhancement Program	598,373	633,776
LANG Emergency Relief Fund	2,465,940	-
	<u>\$3,199,968</u>	<u>\$ 767,171</u>

**9. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 27, 2019, and determined that there were no items for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**LOUISIANA NATIONAL GUARD FOUNDATION**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY**  
**HEAD OR CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED JUNE 30, 2019**

**Agency Head Name:** Michael Niclosi, Executive Director

<i><b>Purpose</b></i>	<b>Amount</b>
Salary (Contract Payments)	\$78,892
Benefits-insurance	n/a
Benefits-retirement	n/a
Benefits	n/a
Car allowance	n/a
Vehicle provided by government	n/a
Per diem	n/a
Reimbursements	n/a
Travel (mileage)	12,788
Registration fees	n/a
Conference travel	n/a
Continuing professional education fees	n/a
Housing	n/a
Unvouchered expenses	n/a
Special meals	n/a

See Independent Auditors' Report.

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

To the Board of Directors  
Louisiana National Guard Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Louisiana National Guard Foundation (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2019.

**Internal Control Over Financial Reporting**

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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



Metairie, Louisiana  
December 27, 2019

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
For the Year Ended 2019**

To Board of Directors of Louisiana National Guard Foundation and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Louisiana National Guard Foundation (Entity) and the Louisiana Legislative Auditor (LLA) (specified users) 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

***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.

*No exceptions noted.*

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions noted.*

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

*No exceptions noted.*



- d) **Receipts**, 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).

*No exceptions noted.*

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

*No employees.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions noted.*

- 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)

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- 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.

*The Entity has written policies for Disaster Recovery/ Business Continuity; however, the policy does not specifically address attribute (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.*

#### ***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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- 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.*

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- 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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

#### ***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 listing of bank accounts was provided and included a total of 4 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 4 bank accounts and selected the bank reconciliations for the month ending September 2018, January 2019, March 2019, and May 2019. The bank reconciliations obtained were subjected each to the below procedures.*

- 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);

*One of the four bank reconciliations selected was not prepared within two months of the closing date.*

- 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

*All 4 bank reconciliations obtained did not have evidence of management/board member review.*

- 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.

*No exceptions noted.*

### **Collections**

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- 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).

*A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 1 deposit site and performed the procedures below.*

- 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 listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection locations. No exceptions were noted as a result of performing this procedure.*

*This collection location was selected. Review of the Entity's written policies and procedures or inquiry with the responsible individual regarding job duties was performed in order to perform the procedures below*

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

*There is only one responsible individual, therefore, segregation of duties is not observable.*

- 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.

*There is only one responsible individual, therefore, segregation of duties is not observable.*

- 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.

*There is only one responsible individual, therefore, segregation of duties is not observable.*

- 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.

*There is only one responsible individual, therefore, segregation of duties is not observable.*

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

*Management stated that the responsible individual who has access to cash is not bonded.*

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:

*We randomly selected two deposit dates for each of the 1 bank accounts selected in procedure #3. We obtained supporting documentation for each of the deposits and performed the procedures below.*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted.*

- 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).

*No exceptions noted.*

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

*No exceptions noted.*

***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).

*The entity has one location that processes payments for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*The procedures below were performed for the one location noted.*

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:

*The listing of responsible individuals involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Entity's written policies and procedures or inquiry with responsible individual(s) regarding job duties was performed in order to perform the procedures below.*

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

*For the 1 location selected for our procedures, a single responsible individual initiates purchase requests, approves purchases and is responsible for placing / making purchases.*

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

*For the 1 location selected for our procedures, the same responsible individual processing payment as well as approving payment.*

- 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.

*For the 1 location selected for our procedures, the individual responsible for processing payments can modify the vendor file and no one else is responsible for reviewing the changes.*

- 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.

*The individual responsible for signing the checks also mails the payment.*

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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 disbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*For two disbursements, there was only 1 responsible individual involved in initiating purchase request, approving a purchase and placing an order/making the purchase.*

*For two disbursements there was only 1 responsible individual involved in processing and approving payments to vendors*

*For 5 disbursements only one individual is responsible for processing payments and can also modify the vendor list. There is no other individual responsible for reviewing these changes.*



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

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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.

*Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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:

*Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- 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, 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).

*Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

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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:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.*

- 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)).

*Of the 5 reimbursements selected for our procedures, none were used for per diem. No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### ***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:

*An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 contracts and performed the procedures below.*

- 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.

*Of the five contracts selected for our procedures, none were subject to Louisiana Public Bid 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).

*None of the five contracts selected for testing were required to be approved by the governing body/board.*



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

*None of the five contracts selected for testing were amended.*

- 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.

*We randomly selected 1 payment for each of the 5 contracts selected in procedure #15 and performed the specified procedures. We noted 3 of the contracts did not have a written contract.*

### ***Payroll and Personnel***

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- 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.

*The Entity has no existing personnel on payroll; therefore, procedures 17-19 were not performed.*

- 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' cumulative 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.

### ***Ethics***

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Item 20 was not included as not applicable for nonprofits.

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.

### ***Debt Service***

---

Items 21-22 were not included as the Entity has no debt.

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.

*Not applicable.*

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.

*Not applicable.*

### ***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.

*Management represented that there were no misappropriations of public funds and assets during the period. No exceptions were noted as a result of performing this procedure.*

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

*The notice was not posted on the Entity's website.*

### *Corrective Action*

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25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Below are Management's response to exceptions noted in the above agreed upon procedures:

**Item 9a:** There is only one responsible individual. Members of the board provide oversight as a compensating control.

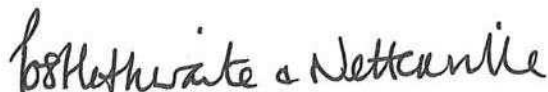
**Item 9c:** There is only one responsible individual. Members of the board provide oversight as a compensating control.

**Item 14d:** The Board Chairman and Treasurer provide an e-mail approval prior to the check being cut for the expense.

**Item 24:** The Foundation does not receive any public funds so this notice is not necessary to be posted on the website.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not 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.



Metairie, Louisiana  
December 27, 2019