

*Central Louisiana Economic
Development Alliance*

Alexandria, Louisiana

December 31, 2017

Central Louisiana Economic Development Alliance

December 31, 2017

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Directors of
Central Louisiana Economic Development Alliance

Report on the Financial Statements

We have audited the accompanying financial statements of Central Louisiana Economic Development Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

REBECCA D. MORRIS, C.P.A.
MICHAEL A. JUNEAU, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Louisiana Economic Development Alliance as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our 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 chief executive officer (Schedule 1) 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 our 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*, we have also issued our report dated June 13, 2018, on our consideration of Central Louisiana Economic Development Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Louisiana Economic Development Alliance'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 Central Louisiana Economic Development Alliance's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 13, 2018

**Central Louisiana Economic Development Alliance
Statement of Financial Position
December 31, 2017**

Exhibit A

	Assets
Current Assets	
Cash and cash equivalents	\$ 735,078
Contributions and grants receivable	354,942
Prepaid expenses	4,479
Total Current Assets	1,094,499
Property and Equipment	
Furniture and equipment	79,476
Accumulated depreciation	(45,412)
Net Property and Equipment	34,064
Total Assets	\$ 1,128,563
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 19,193
Other current liabilities	2,442
Total Current Liabilities	21,635
Net Assets	
Unrestricted	1,106,928
Total Liabilities and Net Assets	\$ 1,128,563

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

**Central Louisiana Economic Development Alliance
Statement of Activities
Year Ended December 31, 2017**

Exhibit B

	Unrestricted
Revenues and Other Support	
State economic development grants	\$ 33,024
Contributions and other grants	1,511,825
Interest income	3,041
Miscellaneous revenues	1,000
Total Revenues and Other Support	1,548,890
Expenses	
Economic development activities	
Major Employers Initiative	167,679
Regional Innovation (BAS)	696,424
Knowledge Platform	180,856
General and administrative	
Executive office	575,794
Total Expenses	1,620,753
Change in Net Assets	(71,863)
Net Assets, Beginning of Year, As Restated	1,178,791
Net Assets, End of Year	\$ 1,106,928

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

**Central Louisiana Economic Development Alliance
Statement of Cash Flows
Year Ended December 31, 2017**

Exhibit C

Cash Flows from Operating Activities	
Change in net assets	\$ (71,863)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	9,775
Change in operating assets and liabilities:	
Contributions and grants receivable	169,151
Prepaid expenses	(4,479)
Accounts payable	(1,101)
Refundable advances	(174,500)
Other current liabilities	(2,120)
Net Cash Provided (Used) by Operating Activities	<u>(75,137)</u>
 Cash Flows from Investing Activities	
Purchase of furniture and equipment	(4,606)
Net Cash Provided (Used) by Investing Activities	<u>(4,606)</u>
 Cash Flows from Financing Activities	<u>-</u>
 Increase (Decrease) in Cash and Cash Equivalents	(79,743)
 Cash and Cash Equivalents, Beginning of Year	<u>814,821</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 735,078</u></u>

Additional Required Disclosures (See Note 3)

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

Central Louisiana Economic Development Alliance
December 31, 2017
Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Central Louisiana Economic Development Alliance, Inc. (OLD CLEDA) was incorporated in 1974 as a nonprofit corporation, on a non-stock basis, under the provisions of Louisiana Revised Statutes. On May 1, 2011, OLD CLEDA merged with and into Cenla Advantage Partnership (CAP). CAP, the surviving corporation, officially changed its name to Central Louisiana Economic Development Alliance (CLEDA) and continues to exist as a domestic nonprofit organization under the laws of Louisiana. CLEDA is an organization which consists of the economic development entities from the parishes of Allen, Avoyelles, Catahoula, Concordia, Grant, LaSalle, Natchitoches, Rapides, Vernon, and Winn. The mission of CLEDA is to advance the knowledge and understanding of economics and to develop economic planning and development that would bring about improved efficiency, development, and acceleration of both the quality and quantity of economic growth and employment opportunities. CLEDA receives funding from state economic development grants and contributions from area businesses to conduct its activities.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

CLEDA utilizes the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing these accounting and financial reporting principles. In accordance with these principles, CLEDA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At year-end, CLEDA did not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, as well as highly liquid investments with maturity dates of three months or less when acquired. At year-end, cash and cash equivalents consisted of amounts in demand deposits. There were no highly liquid investments held at year-end.

Prepaid Expenses

Prepaid expenses include insurance premiums paid prior to year-end for coverage included in the next year.

Central Louisiana Economic Development Alliance
December 31, 2017
Notes to Financial Statements

Furniture and Equipment

Furniture and equipment with estimated useful lives greater than one year and a value greater than \$250 are recorded at cost if purchased or fair market value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 15 years. Depreciation expense for the year ended December 31, 2017 was \$9,775.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions and Grants Receivable

Contributions and grants receivable which represent unconditional promises to give are recognized as support when the promise is received. Contributions and grants receivable expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of promise, if any. Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off all balances that are considered uncollectable. CLEDA believes that all contributions and grants receivable at December 31, 2017 will be fully collected within one year. Accordingly, no allowance for doubtful accounts is required.

Donated Services

The contribution of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services that meet the recognition criteria are recognized at their fair values. For the year ended December 31, 2017, CLEDA recorded donated accounting services that totaled \$5,000, which is included in contributions on the statement of activities.

Advertising

Advertising costs are expensed the first time the advertising takes place. Advertising costs expensed for the year were \$37,147.

Income Taxes

CLEDA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under applicable Louisiana Revised Statutes. CLEDA is not a private foundation.

As of December 31, 2017, tax returns for 2014, 2015, and 2016 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

Central Louisiana Economic Development Alliance
December 31, 2017
Notes to Financial Statements

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 13, 2018, the date which the financial statements were available for issue.

2. Contributions and Grants Receivable

Contributions and grants receivable at year-end consisted of the following:

Contributions receivable	\$ 73,158
Grants receivable – State of Louisiana	33,024
Grants receivable – other	<u>248,760</u>
	\$ 354,942

3. Additional Required Disclosures Relating to the Statement of Cash Flows

No interest or income taxes were paid in 2017. There were no material noncash financing or investing transactions during the year that affected recognized assets or liabilities.

4. Concentration of Funding

CLEDA receives the majority of its funding from the Rapides Foundation, the State of Louisiana, and various other corporate sponsors and grantors. Management is not aware of any actions that would adversely affect the amount of funds CLEDA will receive in the next year.

5. Contingencies

CLEDA receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowances, if any, would be insignificant.

6. Concentration of Credit Risk

The Federal Deposit Insurance Corporation ("FDIC") currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, CLEDA's cash deposits may exceed the federal insured limits. At December 31, 2017, its uninsured deposits totaled \$707,869. CLEDA has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Central Louisiana Economic Development Alliance
December 31, 2017
Notes to Financial Statements

7. Restatement of Prior Period Net Assets

During the year ended December 31, 2017, management discovered that grants receivable for the year ended December 31, 2016, were understated by \$25,770. As a result, beginning of year unrestricted net assets were restated to reflect the correct grant income and receivable for that year. Adjustments to related net assets are summarized as follows:

Increase unrestricted net assets	\$ 25,770
Increase total net assets	25,770

8. Lease

CLEDA leases office space from a related party under a month-to-month operating lease. Rental payments consisting solely of minimum rentals amounted to \$60,000 for the year ended December 31, 2017.

9. Related Party Transactions

One of the board members of CLEDA is the president and CEO of Red River Bank, which is the financial institution that holds all of CLEDA's demand deposit accounts. CLEDA's treasurer of the board is partner at Daenen Henderson & Company, LLC, which provides CLEDA's quarterly financial statement compilation services along with supplemental information for the board meetings and other accounting services on an as needed basis. The amount owed to Daenen Henderson & Company, LLC, at December 31, 2017, was \$1,250, and the total amount paid to Daenen Henderson & Company, LLC, during the year was \$3,750. Also, CLEDA leases office space in a building owned by one of the board members. Rental payments for year ended December 31, 2017, totaled \$60,000.

Supplementary Information

**Central Louisiana Economic Development Alliance
Schedule of Compensation, Benefits, and
Other Payments to the Chief Executive Officer
Year Ended December 31, 2017**

Schedule 1

Chief Executive Officer: Jim Clinton

No public funds were used to make payments to the chief executive officer during the year ended December 31, 2017

See independent auditor's report.

**Other Report Required by
Government Auditing Standards
and *Louisiana Governmental Audit Guide***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**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
Governmental Auditing Standards**

To the Board of Directors of
Central Louisiana Economic Development Alliance

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 financial statements of Central Louisiana Economic Development Alliance (CLEDA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 our report thereon dated June 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLEDA'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of CLEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of CLEDA'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 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.

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.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CLEDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 13, 2018

**Central Louisiana Economic Development Alliance
Schedule of Findings and Responses
Year Ended December 31, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	___X___ No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	___X___ None reported	
Noncompliance material to financial statements noted?	_____ Yes	___X___ No	
<i>Management's Corrective Action Plan</i>	Not applicable		
<i>Management's Summary Schedule of Prior Audit Findings</i>	Not applicable		
<i>Memorandum of Other Comments and Recommendations</i>	Not applicable		
<i>Federal Awards</i>	Not applicable		

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

Not applicable

