

FDDOC Winners' Circle, Inc.
Shreveport, Louisiana

Financial Statements

As of and for the Years Ended June 30, 2019 and 2018

FDDOC Winners' Circle, Inc.

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Independent Auditors' Report

To the Board of Directors
FDDOC Winners' Circle, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of FDDOC Winners' Circle, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FDDOC Winners' Circle, Inc., as of June 30, 2019, and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As described in Note 10 to the financial statements, FDDOC Winner's Circle, Inc., adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the years ended June 30, 2019 and 2018. Our opinion is not modified with respect to this matter.

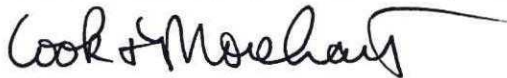
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedule of compensation, benefits, and other payments to agency head shown on page 15 is presented for the purpose of additional analysis and is not a required part of 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 November 20, 2019, on our consideration of FDDOC Winners' Circle, Inc.'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 FDDOC Winners' Circle, Inc.'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 FDDOC Winners' Circle, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
November 20, 2019

FDDOC Winners' Circle, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash	\$ 68,233	\$ 129,586
Contract receivable	114,770	54,861
Other receivable	880	7,683
Prepaid expenses	2,040	1,340
Current portion note receivable	7,903	
Total current assets	<u>193,826</u>	<u>193,470</u>
Note receivable noncurrent	160,176	
Fixed assets:		
Land		10,000
Building		141,548
Equipment	64,989	21,218
Accumulated depreciation	<u>(21,932)</u>	<u>(62,009)</u>
Net property and equipment	<u>43,057</u>	<u>110,757</u>
Total Assets	<u>\$ 397,059</u>	<u>\$ 304,227</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	<u>\$ 41,987</u>	<u>\$ 2,192</u>
Total current liabilities	<u>41,987</u>	<u>2,192</u>
Net assets:		
Without donor restrictions	355,072	298,742
With donor restrictions		3,293
Total net assets	<u>355,072</u>	<u>302,035</u>
Total Liabilities and Net Assets	<u>\$ 397,059</u>	<u>\$ 304,227</u>

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

FDDOC Winners' Circle, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contractual revenue – grant	\$ 542,265	\$	\$ 542,265
Donations and contributions	27,768		27,768
Rent	10,500		10,500
Other	2,448		2,448
Interest Income	2,111		2,111
Gain on sale of assets	65,635		65,635
Net assets released from restrictions	3,293	(3,293)	
Total revenues and other support	<u>654,020</u>	<u>(3,293)</u>	<u>650,727</u>
Expenses:			
Program services	520,499		520,499
General administration	77,191		77,191
Total expenses	<u>597,690</u>		<u>597,690</u>
Change in net assets	56,330	(3,293)	53,037
Net assets as of beginning of year	<u>298,742</u>	<u>3,293</u>	<u>302,035</u>
Net assets as of end of year	<u>\$ 355,072</u>	<u>\$</u>	<u>\$ 355,072</u>

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

FDDOC Winners' Circle, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contractual revenue – grant	\$ 415,578	\$	\$ 415,578
Donations and contributions	20,305	9,500	29,805
Rent	18,000		18,000
Gain on sale of assets	11,333		11,333
Net assets released from restrictions	6,207	(6,207)	
Total revenues and other support	<u>471,423</u>	<u>3,293</u>	<u>474,716</u>
Expenses:			
Program services	411,629		411,629
General administration	72,493		72,493
Total expenses	<u>484,122</u>		<u>484,122</u>
Change in net assets	(12,699)	3,293	(9,406)
Net assets as of beginning of year	<u>311,441</u>		<u>311,441</u>
Net assets as of end of year	<u>\$ 298,742</u>	<u>\$ 3,293</u>	<u>\$ 302,035</u>

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

FDDOC Winners' Circle, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

Expenses:	<u>Program Services</u>	<u>General Administration</u>	<u>Total</u>
Salaries and wages	\$ 300,926	\$ 21,248	\$ 322,174
Employee benefits and payroll taxes	27,338	1,930	29,268
Professional services	59,515	8,175	67,690
Other services	33,605	3,057	36,662
Program supplies	65,873		65,873
Office expense		21,115	21,115
Maintenance and repairs		1,417	1,417
Insurance	2,989	1,785	4,774
Office rent	13,619	5,836	19,455
Travel and training	1,244	4,975	6,219
Other	12,987	2,951	15,938
Depreciation	2,403	4,702	7,105
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 520,499</u>	<u>\$ 77,191</u>	<u>\$ 597,690</u>

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

FDDOC Winners' Circle, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

Expenses:	<u>Program Services</u>	<u>General Administration</u>	<u>Total</u>
Salaries and wages	\$ 258,896	\$ 30,333	\$ 289,229
Employee benefits and payroll taxes	26,772	2,253	29,025
Professional services	49,244	7,130	56,374
Other services	6,425	360	6,785
Program supplies	45,537		45,537
Office expense		5,316	5,316
Maintenance and repairs		7,561	7,561
Insurance	5,725	1,785	7,510
Office rent	11,809	5,061	16,870
Travel and training	454	1,818	2,272
Other	112	5,476	5,588
Contributions	2,744		2,744
Depreciation	3,911	5,400	9,311
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 411,629</u>	<u>\$ 72,493</u>	<u>\$ 484,122</u>

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

FDDOC Winners' Circle, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ 53,037	\$ (9,406)
Adjustments to reconcile change in net assets to		
Net cash provided by (used in) operating activities:		
Depreciation	7,105	9,311
Gain on sale of assets	(65,635)	(11,333)
(Increase) decrease in operating assets:		
Contract receivables	(59,909)	13,005
Other receivables	6,803	(6,183)
Prepaid expenses	(700)	
Increase (decrease) in operating liabilities:		
Accounts payable	39,795	(734)
Net cash (used in) operating activities	<u>(19,504)</u>	<u>(5,340)</u>
Investing Activities		
Proceeds from sale of assets		18,000
Purchase of equipment	<u>(43,770)</u>	
Net cash provided by (used in) investing activities	<u>(43,770)</u>	<u>18,000</u>
Financing Activities		
Collection of note receivable	<u>1,921</u>	
Net cash provided by financing activities	<u>1,921</u>	
Net increase (decrease) in cash and cash equivalents	(61,353)	12,660
Cash and cash equivalents as of beginning of year	<u>129,586</u>	<u>116,926</u>
Cash and cash equivalents as of end of year	<u><u>\$ 68,233</u></u>	<u><u>\$ 129,586</u></u>

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

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

(1) Summary of Significant Accounting Policies

A. Nature of Activities

FDDOC Winners' Circle, Inc. (FDDOC) is a nonprofit corporation organized under the laws of the State of Louisiana. The organization was established to educate at-risk children in inner-city neighborhoods.

The support for FDDOC comes primarily from federal funds passed through a contract-grant from the State of Louisiana, Department of Education and private donations.

B. Basis of Accounting

The financial statements of FDDOC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

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 objective of the organization. These net assets may be used at the discretion of FDDOC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of FDDOC 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 increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. FDDOC has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

D. Use of Estimates

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

(Continued)

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(Continued)

E. Cash and Cash Equivalents

Cash equivalents, as stated for cash flow purposes, consist of non-interest bearing bank accounts and short term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

F. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Property and equipment acquisitions are capitalized if they are in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The funding sources and the federal government may have a reversionary interest in certain property purchased with those funds. Its disposition as well as the ownership of any proceeds therefrom is subject to certain funding source regulations.

G. Revenue and Support

Donations and contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as without donor restrictions due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

H. Income Tax Status

FDDOC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. FDDOC had no such income during this audit period. The Forms 990, "Return of Organization Exempt from Income Taxes", for FDDOC for the years ended June 30, 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

I. Donated Assets

Non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

(Continued)

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(Continued)

J. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions 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.

K. Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

L. Note Receivable

Note receivable at June 30, 2019 represents an amount loaned from the sale of real estate and building previously owned by FDDOC. The note is collateralized by a mortgage on the land and buildings.

Management has reviewed the outstanding note for collectability. No reserve was considered necessary for estimated losses on the note.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject FDDOC to concentrations of credit risk consist principally of temporary cash investments and contract receivables.

Concentrations of credit risk with respect to contract receivables are limited due to these amounts being due from a governmental agency under contractual terms. As of June 30, 2019 and 2018, FDDOC had no significant concentrations of credit risk in relation to contract receivables.

FDDOC maintains cash balances at local financial institutions. Accounts at those institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2019 and 2018 there were no uninsured balances at those institutions.

(3) Contract Receivable

A funding source provides reimbursement of allowable costs under a contract or agreement. This balance represents an amount due from the funding source at June 30, 2019 and 2018 but not received until after those dates.

(Continued)

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(Continued)

(4) Note Receivable

Note receivable consisted of the following at June 30, 2019:

5.00% promissory note receivable dated February 28, 2019;
original amount \$170,000; due in 180 equal installments of
\$1,344 per month, principal and interest. Secured by a
mortgage on land and buildings.

\$ 168,079

Less current portion of note receivable

(7,903)

Note receivable, non-current portion

\$ 160,176

Annual maturities of the note receivable are as follows:

Year Ending June 30	Amount
2020	\$ 7,903
2021	8,308
2022	8,733
2023	9,179
2024	9,649
After 2024	124,307
	<u>\$ 168,079</u>

Interest received on the note receivable was \$2,111 for the year ended June 30, 2019.

(5) Fixed Assets

A summary of fixed assets as of June 30, 2019 follows:

	Estimated Useful Life	Cost/ Basis	Accumulated Depreciation
Equipment	3-5 years	<u>\$ 64,989</u>	<u>\$ 21,932</u>

Depreciation expense for the year ended June 30, 2019 was \$7,105.

A summary of fixed assets as of June 30, 2018 follows:

	Estimated Useful Life	Cost/ Basis	Accumulated Depreciation
Land	N/A	\$ 10,000	\$ N/A
Building	30 years	141,548	44,037
Equipment	3-5 years	21,218	17,972
		<u>\$ 172,766</u>	<u>\$ 62,009</u>

Depreciation expense for the year ended June 30, 2018 was \$9,311.

(Continued)

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(Continued)

(6) Contractual Revenue – Grants

FDDOC has contracts–agreements of federal funds, passed through the State of Louisiana, Department of Education, to provide academic assistance, enrichment, recreation, technology, and tutoring for K–12 students and their families. Amounts earned under these contracts for the years ended June 30, 2019 and 2018 were \$542,265 and \$415,578, respectively. The continued existence of these contracts are subject to contract renewals. FDDOC currently has a contract through August 31, 2022.

(7) Leases

FDDOC leases facilities under operating leases for office space. The rental costs on those leases for the years ended June 30, 2019 and 2018 were \$16,411 and \$16,459, respectively. As of June 30, 2019, there were no obligations under these lease agreements in excess of one year.

(8) Net Assets with Donor Restrictions

Amounts shown as net assets with donor restrictions at June 30, 2018 consisted of the following:

	2018
Tennis Grant	\$ 3,293

(9) Subsequent Events

Subsequent events have been evaluated through November 8, 2019, the date the financial statements were available to be issued.

During October, 2019, FDDOC purchased an airplane for \$69,500 to be utilized in the aviation program.

(10) Adoption of New Accounting Pronouncement

For the years ended June 30, 2019 and 2018, FDDOC adopted the Financial Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classifications, 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 between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amount previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

(Continued)

FDDOC Winners' Circle, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(Continued)

(11) Liquidity and Availability of Financial Assets

FDDOC monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. FDDOC has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 68,233	\$ 129,586
Receivables	115,650	62,544
Note receivable	<u>168,079</u>	<u> </u>
Total financial assets	351,962	192,130
Less amounts not available to be used within one year	<u>(160,176)</u>	<u>()</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 191,786</u>	<u>\$ 192,130</u>

In addition to financial assets available to meet general expenditures over the year, FDDOC operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of FDDOC's cash and shows negative cash generated by operations of \$19,504 and \$5,340 for fiscal years ending June 30, 2019 and 2018, respectively.

FDDOC Winners' Circle, Inc.
Shreveport, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head: Rhonda Rubben, Executive Director from July 1, 2018 to February 28, 2019.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 32,333
Benefits-insurance	2,800

Agency Head: Barri Chandler, Program Director - CEO from February 28, 2019 to June 30, 2019.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,167

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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

Independent Auditors' Report

To the Board of Directors
FDDOC Winners' Circle, Inc.
Shreveport, Louisiana

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 FDDOC Winners' Circle, 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, and have issued our report thereon dated November 20, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

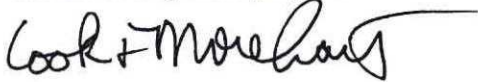
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FDDOC Winners' Circle, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
November 20, 2019

FDDOC Winners' Circle, Inc.
Shreveport, Louisiana
Summary Schedule of Audit Findings
June 30, 2019

Summary Schedule of Prior Audit Findings

There were no management letter comments or findings for the prior year audit for the year ended June 30, 2018.

Summary Schedule of Current Year Audit Findings

There are no management letter comments or findings for the current year audit for the year ended June 30, 2019.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
FDDOC Winners' Circle, Inc.
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by FDDOC Winners' Circle, Inc. (FDDOC), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. FDDOC Winners' Circle, Inc.'s (FDDOC) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
 - 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, and (5) monitoring card usage
- 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 Statutes 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 disclosures/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.

FDDOC provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

- 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 a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board met on a frequency in accordance with the Board's by-laws.

- 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.*

The minutes referenced and included financial activity relating to public funds.

- 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.

Not applicable.

Bank Reconciliations

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);

Bank reconciliations included evidence that they were prepared within 2 months of the statement 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

Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed each bank reconciliation.

- 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.

There were no items outstanding for more than 12 months from the statement closing date.

Collections

3. 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).

Management provided the requested information, along with management's representation that the listing is complete.

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:

Management provided the listing and representation that the listing was complete.

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

No cash drawers utilized by FDDOC.

- 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.

The employee responsible for collecting cash also prepares and makes bank deposits but, FDDOC has another person (contract accountant) that is responsible for reconciling collection documentation 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.

The employee responsible for collecting cash is also responsible for posting, collection entries to general ledger, but another person (contract accountant) is responsible for reconciling ledger postings 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.

The employee responsible for reconciling cash collections to general ledger by revenue source is responsible for collecting cash, but another person (contract accountant) 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.

All employees who have access to cash are covered by a blanket insurance policy.

- 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.

FDDOC does not utilize pre-numbered receipts but collects no currency.

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

Related documentation was traced to deposits.

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

The deposit total was traced 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).

Deposits tested were made within one business day of receipt.

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

The actual deposit per the bank statement was traced to the general ledger.

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

- 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).

Management provided the requested information, along with management's representation that the listing is complete.

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.

At least two employees are involved in initiating a purchase request, approving a purchase, and making the purchase.

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

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.

The employee responsible for processing payments adds and modifies vendor files, but another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/board member for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee/board member responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

Segregation of duties exists as noted above.

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.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

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.

Management provided the requested information, along with 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, by someone other than the authorized card holder.

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees for items selected for testing.

- 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).

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable, except as follows:

Exception: FDDOC utilizes three credit cards. For items tested on those three the following exceptions are noted:

- 1. 18 of the 26 transactions tested did not have written documentation of the business purpose.
- 2. One (1) charge totaling \$138.68 did not have an original itemized receipt.
- 3. One (1) charge totaling \$38.87 for meals did not have documentation of the individuals participating in the meal.

Management's Response: FDDOC's policy is to state the business purpose on all credit card charges, to have original itemized receipts for all credit card charges, and to document individuals participating in meals.

Travel and Expense Reimbursement

- 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).

Not applicable.

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

Actual costs reimbursed were supported by original itemized receipts that identified 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).

Each reimbursement was supported by documentation of the business purpose and other documentation required by written policy.

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

Each reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursements.

Management provided a listing of all travel and travel-related reimbursements and represented that the listing was complete.

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:

Management provided the listing and represented that the listing was complete.

- 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.

Not applicable.

- 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).

The contracts tested were approved in accordance with Board policy.

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

The contracts tested were not 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.

For the payments, selected for testing from the contracts selected for testing, supporting invoices agreed with contract terms and the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

- 14. 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.

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

15. 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).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.
- c) Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.
- d) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the transactions selected for testing, no leave was taken by employees.

16. 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.

FDDOC did not pay out any termination payments during the fiscal period.

17. 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.

Management provided the requested information, along with management's representation that the appropriate amounts were paid and associated forms filed by the required deadlines.

Ethics (excluding nonprofits)

Not applicable.

Debt Service (excluding nonprofits)

Not applicable.

Other

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 funds.

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.

FDDOC posted on its premises and website, the notice required by R.S. 24:523.1.

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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
November 20, 2019