

**Families Helping Families at the Crossroads of Louisiana, Inc.**

**Pineville, Louisiana**

**Financial Statements**

**June 30, 2019**

## Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses.....	6
Notes to Financial Statements.....	7
Schedule of Federal Awards .....	12
Notes to the Schedule of Federal Awards for the Year Ended June 30, 2019.....	13
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> .....	14
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	16
Schedule of Findings and Questioned Costs.....	19
Summary of Prior Audit Findings.....	21
Schedule of Compensation, Benefits, and Other Payments to Executive Director .....	22



**KnightMasden**

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

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## **Independent Auditors' Report**

Board of Directors  
Families Helping Families at the Crossroads of Louisiana, Inc.  
Pineville, Louisiana

### **Report on the Financial Statement**

We have audited the accompanying financial statements of Families Helping Families at the Crossroads of Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' 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. 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families at the Crossroads of Louisiana, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to executive director and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 30, 2019, on our consideration of Families Helping Families at the Crossroads of Louisiana, 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 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 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 Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control over financial reporting and compliance.

  
KnightMasden  
Alexandria, Louisiana  
December 30, 2019

Families Helping Families at the Crossroads of Louisiana, Inc.  
Statement of Financial Position  
June 30, 2019

Assets	
Current Assets	
Cash and cash equivalents	\$ 393
Investments in certificate of deposit	1,920
Contract amounts receivable	<u>235,074</u>
Total Current Assets	237,387
Plant, Property and Equipment, net	<u>217,212</u>
Total Assets	<u><u>\$ 454,599</u></u>
Liabilities and Net Assets	
Current Liabilities	
Cash overdraft	\$ 68,800
Accounts payable	31,114
Payroll liabilities	13,479
Notes payable	<u>103,597</u>
Total Current Liabilities	216,990
Long Term Liabilities	<u>29,722</u>
Total Liabilities	246,712
Net Assets	
without Donor Restriction	<u>207,887</u>
Total Net Assets	<u>207,887</u>
Total Liabilities and Net Assets	<u><u>\$ 454,599</u></u>

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

Families Helping Families at the Crossroads of Louisiana, Inc.  
Statement of Activities  
For the Year Ended June 30, 2019

	<u>Unrestricted</u>
Revenues	
Fees for contractual services	\$ 1,278,737
Rent and auto fees	45,134
Investment income	16
Gain on sale of asset	<u>5,000</u>
Total Revenues	1,328,887
Functional Expenses	
Program services	1,114,908
Management and general	<u>215,085</u>
Total Functional Expenses	<u>1,329,993</u>
Change in Net Assets	(1,106)
Net Assets - Beginning	<u>208,993</u>
Net Assets - Ending	<u><u>\$ 207,887</u></u>

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

Families Helping Families at the Crossroads of Louisiana, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2019

Cash Flows from Operating Activities	
Change in Net Assets	\$ (1,106)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Depreciation	15,806
Gain on sale of fixed assets	(5,000)
Increase in contract receivables	(67,686)
Increase in investments	(16)
Decrease in accounts payable	(8,603)
Decrease in payroll liabilities	(54,515)
Net Cash Provided/(Used) by Operating activities	<u>(121,120)</u>
Cash flows from Investing Activities	
Proceeds from sale of fixed assets	5,000
Purchase of fixed assets	<u>(6,600)</u>
Net Cash Provided/(Used) by Investing Activities	(1,600)
Cash flows from Financing Activities	
Proceeds from loan	696,000
Repayment of debt	<u>(643,950)</u>
Net Cash Provided/(Used) by Financing Activities	<u>52,050</u>
Net Increase (Decrease) in Cash and Cash equivalents	(70,670)
Cash and Cash Equivalents - Beginning	<u>2,263</u>
Cash and Cash Equivalents - Ending	<u>\$ (68,407)</u>
Consisting of:	
Cash and cash equivalents	\$ 393
Cash overdraft	<u>(68,800)</u>
Total	<u>\$ (68,407)</u>
Cash paid for interest	<u>\$ 8,869</u>

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

Families Helping Families at the Crossroads of Louisiana, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	<u>Program Service</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 686,308	\$ 87,563	\$ 773,871
Employee benefits	29,871	2,091	31,962
Payroll taxes	53,818	7,036	60,854
Janitorial	-	498	498
Office supplies	22,516	7,459	29,975
Telephone	10,716	3,593	14,309
Rent	36,768	-	36,768
Utilities	-	9,584	9,584
Supplies	5,151	347	5,498
Printing	6,699	1,910	8,609
Contract labor	33,030	100	33,130
Dues	1,414	1,327	2,741
Insurance	9,500	35,387	44,887
Postage	4,747	1,754	6,501
Website maintenance	1,595	992	2,587
Travel and meetings	102,482	25,644	128,126
Repairs and maintenance	-	5,729	5,729
Security	1,007	-	1,007
Legal and accounting	-	11,700	11,700
Training	9,127	12,067	21,194
Bank charges	-	177	177
Interest	8,869	-	8,869
Crisis management	74,536	-	74,536
Depreciation	15,806	-	15,806
Miscellaneous	948	127	1,075
	<u>948</u>	<u>127</u>	<u>1,075</u>
 Total Expenses	 <u>\$ 1,114,908</u>	 <u>\$ 215,085</u>	 <u>\$ 1,329,993</u>

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

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statements  
June 30, 2019

**Note 1 – Nature of Activities and Significant Accounting Policies**

Nature of Activities

Families Helping Families at the Crossroads of Louisiana, Inc. (the Organization) (Region 6) is a private, non-profit corporation governed by a board of directors and is organized on the laws of the State of Louisiana. The Organization's purpose is to inform the public concerning the handicapped and to provide information, referral, education and to respond to the needs and capacities of handicapped people and their families. The support for the Organization primarily comes from state funds through contracts for services provided.

Basis of Presentation

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

*Net Assets without Donor Restrictions* – Net assets not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time or be permanently maintained by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of 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. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated food values and depreciation in preparation of the accompanying financial statements.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Revenue Recognition and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one activity are charged to the programs and supporting services based on the estimated amount of time that employees devote to various activities. Additional overhead is allocated to various activities based on the program's direct cost.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. However, the Organization participates in gaming and is required to pay income tax on this unrelated business income. When tax is due, there is provision made for the taxes due in the financial statements. Furthermore, the Organization is not classified as a "private foundation" by the internal revenue service.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years. Capitalization threshold of \$500 is used.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statements  
June 30, 2019

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

Contract Receivable

Contracts receivable represents amounts owed to the Organization for the costs incurred under fee for service contracts at the end of the fiscal year. Management considers all amounts receivable to be collectible, therefore, there is no provision for uncollectible amounts established.

**Note 2 – Fixed Assets and Depreciation**

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2019:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 7 years	\$149,292
Building	39 years	244,708
Land		12,500
Less: Accumulated Depreciation		<u>(189,288)</u>
Net Fixed Assets		<u>\$217,212</u>

Depreciation expense for the year ended June 30, 2019 was \$15,806.

**Note 3 – Notes Payable**

Line of credit with Red River Bank for \$150,000; dated March 15, 2017; payable annually with variable interest rate of 5.00%.	\$86,688
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Note payable to Red River Bank for purchase of building in Pineville, LA; dated January 20, 2006 collateralized by same building; payable in 240 monthly payments of \$563; with interest rate of 4.75%.	33,074
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Note payable to Red River Bank for additional working capital; dated June 21, 2017; collateralized by building and land in Pineville, LA; payable in 60 monthly payments of \$1,000; with interest rate of 4.75%.	<u>13,557</u>
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Total	133,319
Less current portion	<u>(103,597)</u>

Total long term notes payable	<u>\$ 29,722</u>
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Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Note 3 – Notes Payable (continued)**

Future maturities of notes payable as of June 30, 2019 were as follows:

Years Ended <u>June 30</u>	<u>Amounts</u>
2020	\$103,597
2021	\$ 7,261
2022	\$ 5,560
2023	\$ 6,113
2024	\$ 6,409
2025	\$ 3,860

**Note 4 – Fair Value Measurement**

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at June 30, 2019 are as follows:

<u>Description</u>	<u>Fair Value Measurement at June 30, 2019 Using</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$393	\$393	\$ -	\$ -
Cash Overdraft	(\$68,800)	(\$68,800)		

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statements  
June 30, 2019

**Note 5 – Operating Lease**

The Organization has an operating lease for office space for \$2,020 per month on a month to month basis. The rental cost for the year ended June 30, 2019 was \$24,240.

**Note 6 – Donated Services**

Unpaid volunteers have made significant contributions of their time to the Organization. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement.

**Note 7 – Retirement Plan**

The Organization adopted a 401-k savings plan for its employees. All employees are eligible to participate from date of hire. Employees are eligible to make voluntary contributions to the plan. The Organization matches the first 3% of employee wages contributed to the plan. The Organization contributed \$5,053 to the plan during the year ended June 30, 2019.

**Note 8 – Subsequent Events**

The Organization has no material subsequent events that would require disclosure. Subsequent events have been evaluated through December 30, 2019, which is the date the financial statements were available for issuance.

**Note 9 – Income Taxes**

As of June 30, 2019, tax years 2016 and subsequent were still within the prescription period for examination by taxing authorities.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Federal Awards  
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Pass- through to Sub- recipients</u>	<u>Federal Expenditures</u>
U. S. Department of Education–				
Special Education – Grants for Infants and Families with Disabilities				
Indirect Programs:				
Office for Citizens with Development				
Disabilities Louisiana Department				
of Health				
	84.181		\$ -	\$586,926
Twenty-First Century Community Learning Centers				
Indirect Programs:				
Louisiana Department of Education				
	84.278		-	<u>52,062</u>
Total U. S. Department of Education			<u>-</u>	<u>638,988</u>
U. S. Department of Health and Human Services				
Development Disabilities Basic Support and Advocacy Grants				
Indirect Programs:				
Louisiana Developmental Disabilities				
Council				
	93.630		<u>-</u>	<u>132,744</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$771,732</u>

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Schedule of Federal Awards  
For the Year Ended June 30, 2019

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Families Helping Families at the Crossroads of Louisiana, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B – Indirect Cost Rate Election**

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2019.



**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***

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

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Families Helping Families at the Crossroads of Louisiana, 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 Families Helping Families at the Crossroads of Louisiana, Inc.'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 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 limitation, 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 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. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



**KnightMasden**  
Alexandria, Louisiana  
December 30, 2019





**KnightMasden**

A Professional Accounting Corporation

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Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

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Coan I. Knight, Jr., CPA

## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Families Helping Families at the Crossroads of Louisiana, Inc.  
Pineville, Louisiana

### **Report on Compliance for Each Major Federal Program**

We have audited Families Helping Families at the Crossroads of Louisiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Families Helping Families at the Crossroads of Louisiana, Inc.'s major federal programs for the year ended June 30, 2019. Families Helping Families at the Crossroads of Louisiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Families Helping Families at the Crossroads of Louisiana, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Families Helping Families at the Crossroads of Louisiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Families Helping Families at the Crossroads of Louisiana, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Families Helping Families at the Crossroads of Louisiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of Families Helping Families at the Crossroads of Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Families Helping Families at the Crossroads of Louisiana, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be a material weakness. However, a material weakness may exist that has not been identified.



Families Helping Families at the Crossroads of Louisiana, Inc.

Page 3

December 30, 2019

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



**KnightMasden**

Alexandria, Louisiana

December 30, 2019



Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of Families Helping Families at the Crossroads of Louisiana, Inc.
2. No material weakness was disclosed during the audit of the financial statements and is reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instance of noncompliance material to the financial statements of Families Helping Families at the Crossroads of Louisiana, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award program administered by Families Helping Families at the Crossroads of Louisiana, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in Section C of this schedule.
7. The program tested as major programs include:  

Special Education – Grants for Infants and Families with Disabilities	<u>CFDA Number</u>
	84.181
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Families Helping Families at the Crossroads of Louisiana, Inc. does not qualify as a low-risk auditee.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**B. Findings – Financial Statement Audit**

INTERNAL CONTROL AND COMPLIANCE FINDING

No Findings

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

DEPARTMENT OF EDUCATION

Passed through the State of Louisiana

No Findings

Families Helping Families at the Crossroads of Louisiana, Inc.  
Summary of Prior Audit Findings  
For the Year Ended June 30, 2019

**2018-001 Failure to Furnish Audit to Legislative Auditor**

Condition:

Not in compliance with LA RS 24:513.

Current Year Condition:

Finding resolved.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Compensation, Benefits and Other Payments to Executive Director  
For the Year Ended June 30, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 56,000
Vehicle provided by organization	<u>3,375</u>
	<u>\$ 59,375</u>

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



**KnightMasden**

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

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Coan I. Knight, Jr., CPA

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the Families Helping Families at the Crossroads of LA and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by The Families Helping Families at the Crossroads of LA (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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:

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
    - i. preparing,  
*Policy is not present in the written policies and procedures manual.*
    - ii. adopting,  
*Policy is not present in the written policies and procedures manual.*
    - iii. monitoring, and  
*Policy is not present in the written policies and procedures manual.*

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- iv. amending the budget.

*Policy is not present in the written policies and procedures manual.*

b. Purchasing, including

- i. how purchases are initiated;

*Policy is not present in the written policies and procedures manual.*

- ii. how vendors are added to the vendor list;

*Policy is not present in the written policies and procedures manual.*

- iii. the preparation and approval process of purchase requisitions and purchase orders;

*Policy is not present in the written policies and procedures manual.*

- iv. controls to ensure compliance with the public bid law; and

*Policy is not present in the written policies and procedures manual.*

- v. documentation required to be maintained for all bids and price quotes.

*Policy is not present in the written policies and procedures manual.*

c. Disbursements, including

- i. processing,

*Policy is not present in the written policies and procedures manual.*

- ii. reviewing, and

*Policy is not present in the written policies and procedures manual.*

- iii. approving

*Policy is not present in the written policies and procedures manual.*

d. Receipts/Collections, including

- i. receiving,

*Policy is not present in the written policies and procedures manual.*

- ii. recording, and

*Policy is not present in the written policies and procedures manual.*

- iii. preparing deposits

*Policy is not present in the written policies and procedures manual.*

- iv. 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).

*Policy is not present in the written policies and procedures manual.*

- e. Payroll/Personnel, including

- i. payroll processing, and

*Policy is present in the written policies and procedures manual.*

- ii. reviewing and approving time and attendance records, including leave and overtime worked.

*Policy is present in the written policies and procedures manual.*

- f. Contracting, including

- i. types of services requiring written contracts,

*Policy is not present in the written policies and procedures manual.*

- ii. standard terms and conditions,

*Policy is not present in the written policies and procedures manual.*

- iii. legal review,

*Policy is not present in the written policies and procedures manual.*

- iv. approval process, and

*Policy is not present in the written policies and procedures manual.*

v. monitoring process

*Policy is not present in the written policies and procedures manual.*

g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including

i. how cards are to be controlled,

*Policy is not present in the written policies and procedures manual.*

ii. allowable business uses,

*Policy is not present in the written policies and procedures manual.*

iii. documentation requirements,

*Policy is not present in the written policies and procedures manual.*

iv. required approvers of statements, and

*Policy is not present in the written policies and procedures manual.*

v. monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*Policy is not present in the written policies and procedures manual.*

h. Travel and expense reimbursement, including

i. allowable expenses,

*Policy is present in the written policies and procedures manual.*

ii. dollar thresholds by category of expense,

*Policy is not present in the written policies and procedures manual.*

iii. documentation requirements, and

*Policy is present in the written policies and procedures manual.*

iv. required approvers

*Policy is not present in the written policies and procedures manual.*

i. Ethics, including

- i. the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,

*Not applicable to nonprofits.*

- ii. actions to be taken if an ethics violation takes place,

*Not applicable to nonprofits.*

- iii. system to monitor possible ethics violations, and

*Not applicable to nonprofits.*

- iv. requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*Not applicable to nonprofits.*

- j. Debt Service, including

- i. debt issuance approval,

*Not applicable to nonprofits.*

- ii. continuing disclosure/EMMA reporting requirements,

*Not applicable to nonprofits.*

- iii. debt reserve requirements, and

*Not applicable to nonprofits.*

- iv. debt service requirements.

*Not applicable to nonprofits.*

- k. Disaster Recovery/Business Continuity, including

- i. identification of critical data and frequency of data backups,

*Policy is not present in the written policies and procedures manual.*

- ii. storage of backups in a separate physical location isolated from the network,

*Policy is not present in the written policies and procedures manual.*

- iii. periodic testing/verification that backups can be restored,

*Policy is not present in the written policies and procedures manual.*

- iv. use of antivirus software on all systems,

*Policy is not present in the written policies and procedures manual.*

- v. Timely application of all available system and software patches/updates, and

*Policy is not present in the written policies and procedures manual.*

- vi. Identification of personnel, processes, and tools needed to recover operations after a critical event.

*Policy is not present in the written policies and procedures manual.*

- 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.

*Board meets quarterly.*

- 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.

*Budget to actual comparisons are presented at each board meeting..*

- c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

*Not a governmental agency.*

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 each selected account, and observe that:

*List was obtained, and client represented that it was complete.*

- 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);

*Evidence was present that reconciliation was prepared within 2 months.*

- 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

*A member of management who does not handle cash, post ledgers or issue checks has signed the reconciliation as evidence that they have reviewed.*

- 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 evidence was present that outstanding items over 12 month have been researched.*

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).

*List was obtained, and client represented that it was 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:

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

*Cash drawers/registers are not used.*

- 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 preparing/making bank deposits is also responsible for collecting cash.*

- 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 posting collection entries is not responsible for collecting cash.*

- 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.

*Another employee that is not responsible for collecting cash or reconciling the account reviews the reconciliation.*

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

*Employees with access to cash are not covered by a bond.*

- 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.

*The receipts were not sequentially pre-numbered.*

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

*Not applicable as the receipts were not sequentially pre-numbered.*

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

*Deposits selected were direct deposited into the bank account so no deposit slip was present.*

- 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 selected were direct deposited into the bank account, by default deposit was made within one day.*

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

*For all deposits tested, the deposit per the bank statement equaled the deposit per the general ledger.*

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).

*A list was obtained. Client represented that it was 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.

*Policy is not present in the written policies and procedures manual.*

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

*Policy is not present in the written policies and procedures manual.*

- 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.

*Policy is not present in the written policies and procedures manual.*

- 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.

*Policy is not present in the written policies and procedures manual.*

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.

*Four of the five disbursements selected had an original invoice/billing statement that matched.*

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

*None of the disbursements tested included evidence of segregation of duties.*

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.

*A list was obtained. Client represented that it was 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. [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.]

*Statements tested had evidence that monthly statements and supporting documentation were reviewed and approved in writing by someone other than the authorized cardholder.*

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

*The finance 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

- a. an original itemized receipt that identifies precisely what was purchased,

*An original itemized receipt that identified exactly what was purchased was present in all but nine of the tested transactions.*

- b. written documentation of the business/public purpose, and

*Written documentation of the business purpose was present in one of tested transactions.*

- c. documentation of the individuals participating in meals (for meal charges only).

*For three of the four meal charges selected, no documentation of individuals participating in meals was present.*

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 list was obtained. Client represented that it was complete.*

- 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)).

*Reimbursement rate used agreed to rates established by the State of Louisiana.*

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

*Itemized receipts were present to support actual cost reimbursements.*

- 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).

*All reimbursements had documentation that stated the business purpose..*

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

*None of the reimbursements were approved in writing, by someone other than the person receiving the reimbursement.*

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*A list was obtained. Client represented that it 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.

*Contract selected was not subject to the Louisiana 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).

*Contract was not required to be approved by governing body.*

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

*Contract was 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.

*Payment selected had supporting invoice that agreed to the contract terms. The related payment was in agreement to the terms and conditions of the contract.*

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.

*A list was obtained. Client represented that it was complete.*

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.)

*Documentation of daily attendance and leave taken was present for all employees tested.*

- b. Observe that supervisors approved the attendance and leave of the selected employees/officials.

*Supervisor approved attendance and leave was present for all but two employees tested.*

- c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Leave accrued or taken during pay period was reflected in the entity's cumulative leave records for all employees tested.*

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.

*A list was obtained. Client represented that it was complete. Termination checks were calculated correctly.*

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.

*Representation that payments and forms have been filed and paid by required deadlines.*

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.

*Not applicable to non-profits.*

- 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.

*Not applicable to non-profits.*

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 to non-profits.*

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 to non-profits.*

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.

*No misappropriations of public funds or assets during the fiscal period.*

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.

*Required notice was posted on the premises.*

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.



**KnightMasden**  
Alexandria, Louisiana  
December 30, 2019

