

North Louisiana Economic Partnership, Inc.

Financial Statements

As of and for the Year Ended December 31, 2018

North Louisiana Economic Partnership, Inc.

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Independent Auditors' Report

To the Board of Directors
North Louisiana Economic Partnership, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of North Louisiana Economic Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 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 North Louisiana Economic Partnership, Inc., as of December 31, 2018, 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.

Effect of Adopting New Accounting Standard

As described in Note 2 to the financial statements, North Louisiana Economic Partnership, 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 year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited North Louisiana Economic Partnership Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

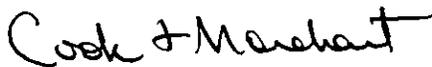
Other Matters

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 agency head on page 13, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the North Louisiana Economic Partnership, 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 North Louisiana Economic Partnership, 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 North Louisiana Economic Partnership, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 24, 2019

North Louisiana Economic Partnership, Inc.
Statement of Financial Position
December 31, 2018
(with comparative amounts for 2017)

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 278,742	\$ 238,161
Accounts receivable	34,063	38,820
Grants receivable	81,686	158,045
Prepaid expenses	14,888	13,463
Unconditional promises to give	186,915	226,246
Total current assets	596,294	674,735
Noncurrent assets:		
Unconditional promises to give	115,556	264,035
Property and equipment, net	41,168	93,422
Total noncurrent assets	156,724	357,457
Total Assets	\$ 753,018	\$ 1,032,192
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 32,191	\$ 90,604
Total current liabilities	32,191	90,604
Net assets:		
With donor restrictions	308,493	538,996
Without donor restrictions	412,334	402,592
Total net assets	720,827	941,588
Total Liabilities and Net Assets	\$ 753,018	\$ 1,032,192

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

North Louisiana Economic Partnership, Inc.
Statement of Activities
For the Year Ended December 31, 2018
(with comparative amounts for 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Revenues, gains, support and reclassifications:				
Rent and royalties	\$ 181,364	\$	\$ 181,364	\$ 187,590
Grants and contracts	283,742		283,742	717,204
Contributions and donations	831,775	57,000	888,775	835,838
Miscellaneous	81,925		81,925	72,975
Net assets released from restrictions				
Satisfaction of program restrictions	287,503	(287,503)		
Total revenues, gains, support and reclassifications	<u>1,666,309</u>	<u>(230,503)</u>	<u>1,435,806</u>	<u>1,813,607</u>
Expenses and losses:				
Supporting services				
General and administrative	159,614		159,614	169,273
Fundraising	21,050		21,050	
Program services				
Economic development	<u>1,475,903</u>		<u>1,475,903</u>	<u>1,851,449</u>
Total expenses	<u>1,656,567</u>		<u>1,656,567</u>	<u>2,020,722</u>
Change in net assets	9,742	(230,503)	(220,761)	(207,115)
Net assets, beginning of year	<u>402,592</u>	<u>538,996</u>	<u>941,588</u>	<u>1,148,703</u>
Net assets, end of year	<u>\$ 412,334</u>	<u>\$ 308,493</u>	<u>\$ 720,827</u>	<u>\$ 941,588</u>

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

North Louisiana Economic Partnership, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018
(with comparative amounts for 2017)

	Support Services		Program Services		Totals 2018	Totals 2017
	General and Administrative	Fundraising	Economic Development			
Salaries and commissions	\$ 89,095	\$	\$ 772,278		\$ 861,373	\$ 916,506
Payroll taxes	5,874		52,498		58,372	62,998
Pension expense	6,577		58,783		65,360	66,275
Other employee benefits	6,941		62,030		68,971	85,327
Advertising			4,889		4,889	15,001
Liability insurance	3,617				3,617	2,493
Building rent	9,583		85,648		95,231	102,110
Office supplies	3,153				3,153	4,776
Periodicals and dues			22,163		22,163	32,357
Postage	934				934	925
Professional expense	20,969				20,969	38,922
Photocopy and printing			3,900		3,900	4,082
Travel	3,030		27,082		30,112	36,874
Professional development	197		1,758		1,955	19,184
Repairs and maintenance			12,090		12,090	11,182
Computer expense			10,838		10,838	22,794
Telephone	1,627		14,541		16,168	17,470
Miscellaneous	2,758		1,442		4,200	3,677
Annual meeting			37,341		37,341	65,555
DED - Tier I and II contracts			50,621		50,621	55,747
NELA branding			42,693		42,693	19,285
Other grants			59,196		59,196	221,754
Website development			2,960		2,960	2,840
Business relations		21,050	86,436		107,486	122,793
Business development			1,750		1,750	
Education initiatives			12,592		12,592	12,623
Development expense			5,379		5,379	11,086
Relocation expense						12,452
Depreciation	5,259		46,995		52,254	53,634
Total expenses	<u>\$ 159,614</u>	<u>\$ 21,050</u>	<u>\$ 1,475,903</u>		<u>\$ 1,656,567</u>	<u>\$ 2,020,722</u>

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

North Louisiana Economic Partnership, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018
(with comparative amounts for 2017)

Operating Activities	2018	2017
Changes in net assets	\$ (220,761)	\$ (207,115)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	52,254	53,634
(Increase) decrease in operating assets:		
Accounts receivable	4,757	8,049
Grants receivable	76,359	(126,795)
Prepaid expenses	(1,425)	17,441
Unconditional promises to give	187,810	126,242
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(58,413)	63,354
Net cash provided (used) by operating activities	40,581	(65,190)
Net increase (decrease) in cash and cash equivalents	40,581	(65,190)
Cash and cash equivalents as of beginning of year	238,161	303,351
Cash and cash equivalents as of end of year	\$ 278,742	\$ 238,161

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

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The North Louisiana Economic Partnership, Inc. (NLEP) is a nonprofit organization incorporated under the laws of the State of Louisiana and is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. The purpose of the North Louisiana Economic Partnership, Inc. is to assist local government by studying problems such as public education, crime prevention, poverty, and economic development and publicize the results of its research and recommendations, and to work for the general betterment of the North Louisiana area.

B. Basis of Accounting

The financial statements of the North Louisiana Economic Partnership, Inc. have been prepared on the accrual basis of accounting.

C. 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 reported revenues and expenses. Actual results could differ from those estimates.

D. 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 NLEP'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 NLEP 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. NLEP has adopted a policy to classify donor restricted contributions as without donor restriction to the extent that donor restrictions are met in the year the contribution was received

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the North Louisiana Economic Partnership, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018
(Continued)

F. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Management provides for probable uncollectible amounts through establishment of an allowance, based on its assessment of recent collection history and current donor relationships. Initial amounts recognized represent the fair value expected to be collected. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. The North Louisiana Economic Partnership, Inc. has adopted a policy of capitalizing all assets with a unit value of \$2,500 or more.

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Income Tax Status

The North Louisiana Economic Partnership, Inc. 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 Partnership's tax-exempt purpose is subject to taxation as unrelated business income. The Partnership had no such income during this audit period. The North Louisiana Economic Partnership, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

J. Advertising Costs

The NLEP uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. During 2018 advertising costs totaled \$4,889.

K. Functional Expenses

The costs of providing certain activities of NLEP have been summarized on a functional basis in the statement of activities and in the statement of functional expense. Accordingly, certain costs have been allocated among programs and supported services benefited. Costs are directly charged to the functions they benefit. Facility related and supportive services expenses are allocated to each function based upon managements equitable determination.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018
(Continued)

L. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with NLEP's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

(2) Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, NLEP 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.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject NLEP to concentrations of credit risk consist principally of temporary cash investments, accounts receivable, grant receivables, and promises to give. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. Concentrations of credit risk with respect to accounts receivable and promises to give are limited due to the large number of contributors comprising the North Louisiana Economic Partnership, Inc.'s contributor base and their dispersion across different industries. As of December 31, 2018 the North Louisiana Economic Partnership, Inc. had no significant concentrations of credit risk in relation to accounts receivable, grant receivables, and promises to give.

NLEP maintains cash balances at financial institutions located in the Shreveport area. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At December 31, 2018 total cash balances held at financial institutions was \$279,760, all of which was secured by FDIC.

(4) Accounts Receivable

Accounts receivable of \$34,063 at December 31, 2018, is comprised of riverboat boarding fees and other miscellaneous amounts due to the North Louisiana Economic Partnership, Inc. as of the end of the year but not received until after that date.

(5) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2018, but not received until after that date.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018
(Continued)

(6) Promises to Give

The North Louisiana Economic Partnership, Inc. initiated a campaign during 2016 entitled "Regionalism = Results." Promises to give are restricted to payment of costs associated with economic development projects and projects supporting the economic growth of north Louisiana. The promises to give are discounted at .51%, and are shown net of an allowance for uncollectible promises to give of \$53,813 at December 31, 2018.

Unconditional promises to give at December 31, 2018 were as follows:

	2018
Receivable in less than one year	\$ 186,915
Receivable in one to five years	118,022
Less discount on promises	(2,466)
Net unconditional promises to give	\$ 302,471

(7) Property and Equipment

Property and equipment at December 31, 2018, with estimated depreciable life, are summarized as follows:

		2018
Furniture, fixtures, equipment	3-10 years	\$ 83,145
Leasehold improvements		145,231
Accumulated Depreciation		(187,208)
		\$ 41,168

Depreciation expense for the years ended December 31, 2018 was \$52,254.

(8) Contractual Revenue – Grants

During the year ended December 31, 2018, North Louisiana Economic Partnership, Inc. received contractual revenue from state grants in the amount of \$283,742. The continued existence of these funds is based on annual contract renewals with various funding sources.

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2018, consisted of the following:

	2018
Accounts payable	\$ 22,000
Accrued leave payable	10,191
	\$ 32,191

(10) Employee Benefit Plans

NLEP participates in a 401(k) profit sharing plan whereby NLEP makes contributions to the Plan each year up to 8% of participating employee's compensation. Total expenses for the year ended December 31, 2018 was approximately \$62,302.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018
(Continued)

(11) Endowment Account with Community Foundation of North Louisiana

The NLEP entered into an agreement with the Community Foundation of North Louisiana (CFNL). The agreement establishes an Agency Endowment Fund at CFNL called "Northwest Louisiana Economic Development Foundation Fund" (Fund). All property of the Fund belongs to CFNL. The fund will be used for support of the charitable purposes of the Partnership. Net income and capital appreciation of the Fund, as governed by CFNL's Spending Policy, will be paid and distributed to the Partnership at least annually, for as long as the Partnership is a Qualified Charitable Organization.

No transfers were made to the fund during the years ended December 31, 2018. The fair market value of the fund at December 31, 2018, was \$265,886.

(12) Operating Leases

The NLEP leases certain office space and office equipment under operating leases. Rental costs on the leases for the year ended December 31, 2018, totaled \$102,429. NLEP signed a lease renewal for office space effective May 1, 2019. The maturities of this lease are included in the commitments noted below.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending December 31,	
2019	\$ 122,655
2020	92,913
2021	90,676
2022	88,072
2023	89,175
2024	30,706
Total minimum future rentals	\$ 514,197

(13) Liquidity and Availability of Financial Assets

NLEP 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. NLEP has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Financial assets at year-end:	2018
Cash and cash equivalents	\$ 278,742
Accounts receivable	34,063
Grant receivable	81,686
Unconditional promises to give	302,471
Total financial assets	696,962
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(6,022)
Non-current portion of promises to give	(115,556)
Financial assets available to meet cash needs for general expenditures within one year	\$ 575,384

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2018
(Continued)

In addition to financial assets available to meet general expenditures over the year, NLEP operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements and contributions. The Statement of Cash Flows identifies the sources and uses of NLEP's cash and shows positive cash generated by operations of \$40,581 for fiscal year ending December 31, 2018.

(14) Net Assets

Net assets at December 31, 2018, consisted of the following:

Net Assets Without Donor Restrictions:	
Undesignated	\$ 371,166
Net investment in property and equipment	<u>41,168</u>
Total net assets without donor restrictions	<u>412,334</u>
Net Assets With Donor Restrictions:	
Subject to expenditure for specified purpose -	
Unconditional promises to give	302,471
NELA branding	<u>6,022</u>
Total net assets with donor restrictions	<u>308,493</u>
Total Net Assets	<u>\$ 720,827</u>

(15) Related Parties

NLEP leases office space in an office building which is owned by a business in which a member of the board of directors of North Louisiana Economic Partnership is a part owner. Total payments made during 2018 totaled \$40,590, which is included in total rental costs of \$102,429.

(16) Fundraising

Fundraising expenses totaled \$21,050 for the year ended December 31, 2018, and were paid to a fundraiser pursuant to a short-term agreement pertaining to donor development and donor relations.

(17) Subsequent events

Subsequent events have been evaluated through June 24, 2019, the date the financial statements were available to be issued.

North Louisiana Economic Partnership, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head: Scott Martinez, President

The following payments were made from public funds:

Continuing professional education fees	\$ 2,120
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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 Auditor's Report

To the Board of Directors
North Louisiana Economic Partnership, Inc.

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 North Louisiana Economic Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 June 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Louisiana Economic Partnership, 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 North Louisiana Economic Partnership, 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.

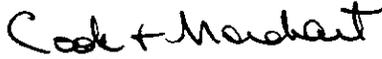
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 North Louisiana Economic Partnership, 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 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.



Cook & Morehart
Certified Public Accountants
June 24, 2019

North Louisiana Economic Partnership, Inc.
Summary Schedule of Audit Findings
December 31, 2018

Summary Schedule of Prior Audit Findings

There were no findings or significant deficiencies reported for the prior year audit for the year ended December 31, 2017.

Corrective Action Plan for Current Year Audit Findings

There are no findings or significant deficiencies reported for the current year audit for the year ended December 31, 2018.

COOK & MOREHART

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
North Louisiana Economic Partnership, Inc.
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the North Louisiana Economic Partnership, Inc. (NLEP) (a nonprofit organization), 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 January 1, 2018 through December 31, 2018. The North Louisiana Economic Partnership Inc.'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:

Written Policies and Procedures

Testing not required for this area for fiscal year January 1, 2018 through December 31, 2018 due to no exceptions being noted in prior year.

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

The Board of Directors for the NLEP met in accordance with the agency's bylaws.

- 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.

Board minutes referenced financial activity relating to public funds.

- 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.

NLEP is not a governmental entity.

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:

Management provided the requested information, along with management's representation that the listing is 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);

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

Management reviews each bank statement and reconciliation and initials the bank statement to indicate their review. Bank reconciliations are also approved by outside CPA firm on a monthly basis.

- 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.

Exception: There was no indication that management had researched outstanding items that were more than 12 months old on all three (3) bank accounts tested for twelve (12) checks and (11) deposits totaling a net amount of \$921.04.

Management's Response: Management will review old outstanding items and follow up as deemed necessary.

Collections

- 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).

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

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

Cash drawers/registers not used, due to no currency being collected by agency.

- 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 is responsible for preparing/making bank deposits; however, another employee 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.

Exception: The employee responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers.

Management's Response: No currency is collected; receipts are in the form of checks or credit card payments. Management reviews and approves bank deposits. An outside CPA firm reviews and approves the bank reconciliations.

- 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.

Exception: The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledger, by revenue source is responsible for collecting cash.

Management's Response: No currency is collected; receipts are in the form of checks or credit card payments. Management reviews and approves bank deposits. An outside CPA firm reviews and approves the bank reconciliations.

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

All employees are covered by a blanket insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

NLEP does not utilize sequentially pre-numbered receipt books.

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

For the deposits selected for testing, collection documentation was traced to the deposit slips.

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

For the deposits selected for testing, the actual deposit was traced to 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).

Exception: NLEP does not maintain daily work/logs showing date items are received.

Management's Response: No currency is collected; receipts are in the form of checks or credit card payments. Management reviews and approves bank deposits. An outside CPA firm reviews and approves the bank reconciliations.

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

For the deposits selected for testing, all were traced to the general ledger.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 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.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

NLEP's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except as noted below:

Exception: The employee that processes payments can add/modify vendor files and mails out the signed checks.

Management's Response: All vendor payments are approved by management prior to payments being made.

- 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, except as noted below:

Exception: The employee that processes payments can add/modify vendor files and mails out the signed checks.

Management's Response: All vendor payments are approved by management prior to payments being made.

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 except as noted below:

Exception: Two (2) of the five (5) credit cards tested did not have any evidence of approval.

Management's Response: Management's policy is for approval to be noted on the credit card statements. All payments are approved by management prior to issuance.

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

There were no finance charges or late fees on the statements 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 noted below:

Exception: Two (2) receipts tested totaling \$475.92, were not itemized; one (1) receipt tested totaling \$14.58, was missing, and one (1) receipt tested totaling \$64.17 did not have the names of individuals participating in the meal documented.

Management's Response: Management's policy is for receipts to be remitted for all credit card purchases. All payments are approved by management prior to issuance.

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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The reimbursements selected for testing were within State of Louisiana per diem rates, supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

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

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The contracts selected for testing did not require board approval.

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

The contracts selected for testing 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 invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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.

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).

For the transactions selected for testing, the daily attendance and leave were documented, except as noted below:

Exception: For the transactions selected for testing, daily attendance was not documented. All transactions tested were for salaried employees.

Management's Response: NLEP policies do not require documentation of daily attendance for salaried employees.

- 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) 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, leave taken was reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management provided the requested information, along with management's representation that the listing is complete. There was evidence that supported the hours paid at termination and the authorized pay rate at termination.

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.

Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics (excluding nonprofits)

Not applicable to nonprofit organizations.

Debt Service (excluding nonprofits)

Not applicable to nonprofit organizations.

Other

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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.



Cook & Morehart
Certified Public Accountants
June 24, 2019