

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

**Pineville, Louisiana**

**Financial Statements**

**June 30, 2017**

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# KnightMadsen

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA  
Dona C. Manuel, CPA

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Coan I. Knight, Jr., CPA  
Stephanie R. Lemoine, CPA

## 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, 2017, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to executive director, 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 Draft, 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 15, 2017

Families Helping Families at the Crossroads of Louisiana, Inc.  
Statement of Financial Position  
June 30, 2017

Assets	
Current Assets	
Cash and cash equivalents	\$ 3,763
Investments in Certificate of Deposit	1,888
Contract Amounts Receivable	<u>149,202</u>
Total Current Assets	154,853
Plant, Property and Equipment, net	<u>250,058</u>
Total Assets	<u><u>\$ 404,911</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 35,505
Payroll liabilities	14,616
Notes payable	<u>65,949</u>
Total Current Liabilities	116,070
Long Term Liabilities	<u>38,079</u>
Total Liabilities	154,149
Net Assets	
Unrestricted	<u>250,762</u>
Total Net Assets	<u>250,762</u>
Total Liabilities and Net Assets	<u><u>\$ 404,911</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, 2017

	<u>2017</u>
	<u>Unrestricted</u>
Revenues	
Fees for contractual services	\$ 1,289,820
Administration fees	166,222
Rent and auto fees	47,556
Investment income	16
Fundraising income	101,792
Gain on sale of asset	<u>2,000</u>
Total Revenues	1,607,406
Functional Expenses	
Program services	1,250,300
Management and general	269,681
Fund raising	<u>108,298</u>
Total Functional Expenses	<u>1,628,279</u>
Change in Net Assets	(20,873)
Net Assets - Beginning	<u>271,635</u>
Net Assets - Ending	<u><u>\$ 250,762</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, 2017

Cash Flows from Operating Activities	
Change in Net Assets	\$ (20,873)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Depreciation	21,010
Increase in contract receivables	(6,532)
Increase in investments	(16)
Increase in accounts payable	7,858
Decrease in payroll liabilities	<u>(54,142)</u>
Net Cash Provided/(Used) by Operating activities	(52,695)
Cash flows from Investing Activities	
Purchase of fixed assets	<u>(33,723)</u>
Net Cash Provided/(Used) by Investing Activities	(33,723)
Cash flows from Financing Activities	
Proceeds from loan	901,567
Repayment of debt	<u>(846,272)</u>
Net Cash Provided/(Used) by Financing Activities	<u>55,295</u>
Net Increase (Decrease) in Cash and Cash equivalents	(31,123)
Cash and Cash Equivalents - Beginning	<u>34,886</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 3,763</u></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, 2017

	<u>Program</u> <u>Service</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u> <u>Expenses</u>
Salaries	\$ 670,171	\$ 49,770	\$ 15,625	\$ 735,566
Employee Benefits	30,659	6,178	-	36,837
Payroll Taxes	57,504	4,381	1,741	63,626
Janitorial	-	1,800	-	1,800
Office Supplies	34,742	12,468	-	47,210
Telephone	10,062	1,149	31	11,242
Rent	38,237	-	34,066	72,303
Utilities	-	7,611	-	7,611
Supplies	-	-	2,624	2,624
Printing	8,654	2,219	-	10,873
Contract Labor	31,090	47,813	1,000	79,903
Dues	600	1,007	125	1,732
Insurance	8,363	44,849	-	53,212
Postage	5,039	2,430	-	7,469
Travel and Meetings	153,693	27,585	-	181,278
Repairs and Maintenance	-	7,080	-	7,080
Security	1,201	479	-	1,680
Legal and Accounting	3,500	760	-	4,260
Training	3,203	10,932	-	14,135
Bank Charges	-	1,110	-	1,110
Interest	-	17,051	-	17,051
Taxes on Unrelated Bingo Income	-	-	2,410	2,410
Crisis Management	27,321	1,290	-	28,611
Depreciation	-	21,010	-	21,010
Indirect Expense	166,222	-	-	166,222
Bingo Pay-Outs	-	-	49,880	49,880
Miscellaneous	39	709	796	1,544
	<u>39</u>	<u>709</u>	<u>796</u>	<u>1,544</u>
 Total Expenses	 <u>\$ 1,250,300</u>	 <u>\$ 269,681</u>	 <u>\$ 108,298</u>	 <u>\$ 1,628,279</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 Statement  
For the Year Ended June 30, 2017

**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:

*Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2017, the Organization had no temporarily restricted net assets.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2017, the Organization had no permanently restricted net assets.

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 depreciation in preparation of the accompanying financial statements.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statement  
For the Year Ended June 30, 2017

**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. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled.

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 Statement  
For the Year Ended June 30, 2017

**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.

Advertising

Advertising costs are expensed as incurred.

**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, 2017:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 10 years	\$ 30,978
Furniture	5 - 10 years	2,411
Vehicle	5 - 10 years	108,052
Building & Improvements	40 years	257,208
Land		35,900
Less: Accumulated Depreciation		<u>(184,491)</u>
Net Fixed Assets		<u>\$ 250,058</u>

Depreciation expense for the year ended June 30, 2017 was \$21,010.

**Note 3 – Notes Payable**

Notes payable as of June 30, 2017 consist of:

Line of credit with Red River Bank for \$150,000; dated 03/15/17; payable annually; with variable interest rate of 5%.	\$ 61,125
Note payable to Red River Bank for purchase of building and land in Pineville, Louisiana; dated January 20, 2006; collateralized by the same building and land; payable in 240 monthly payments of \$563; with interest rate of 4.75%.	<u>42,904</u>
Total	104,029
Less current portion	<u>( 65,949)</u>
Total long term liabilities	<u>\$ 38,079</u>

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statement  
For the Year Ended June 30, 2017

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

Future maturities of notes payable as of notes payable as of June 30, 2017 were as follows:

Years Ended	<u>Amounts</u>
<u>June 30</u>	
2018	\$65,949
2019	5,059
2020	5,305
2021	5,562
2022	5,833
2023-2025	16,320

**Note 4 – 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 5 – Retirement Plan**

The Organization adopted a 401-K savings plan for its employees. All employees are eligible to participate from their hire date. Employees are eligible to make voluntary contributions to the plan. The Organization matches the first three per cent of employee wages contributed to the plan. The Organization contributed \$9,291 to the Plan during the year ended June 30, 2017.

**Note 6 – Leases**

The Organization is obligated to the following leases, which are classified as operating leases:

- a) Office Space – This lease was entered into when the organization began, and is for \$2,020 per month. The lease is on a month to month basis.

The total lease payments made during the year ended June 30, 2017 was \$24,240.

**Note 7 – 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.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Notes to the Financial Statement  
For the Year Ended June 30, 2017

**Note 7 – Fair Value Measurement (Continued)**

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, 2017 are as follows:

<u>Description</u>	<u>Fair Value Measurement at June 30, 2017 Using</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$3,763	\$3,763	\$ -	\$ -
Investment	\$1,888	\$1,888	\$ -	\$ -

**Note 8 – Concentrations of Risk**

Approximately all of the Organization's., revenues and support comes from contracts for service with the State of Louisiana. These contracts are executed on a year to year basis with no guarantee that they will be maintained from year to year.

**Note 9 – Subsequent Events**

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

**Note 10 – Income Taxes**

As of June 30, 2017, tax years 2014 and subsequent were still within the prescription period for examination by taxing authorities.



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## **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**

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, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Draft.

### **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'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 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.

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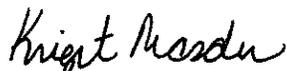
December 15, 2017

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Families Helping Families at the Crossroads of Louisiana, 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. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



**KnightMasden**

Alexandria, Louisiana

December 15, 2017

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Findings  
For the Year Ended June 30, 2017

**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 control deficiency was disclosed during the audit of the financial statements 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.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Findings  
For the Year Ended June 30, 2017

**B. Findings – Financial Statement Audit**

INTERNAL CONTROL AND COMPLIANCE FINDING

No Finding

Families Helping Families at the Crossroads of Louisiana, Inc.  
Summary of Prior Audit Findings  
For the Year Ended June 30, 2017

**A. Findings – Financial Statement Audit**

**2016-001 – Legislative Auditor Submission**

Condition:

Failure to furnish audit to Legislative Auditor within six months after close of year.

Current Year Condition:

Finding Resolved.

Families Helping Families at the Crossroads of Louisiana, Inc.  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2017

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 25,000
Benefits - insurance	4,579
Vehicle provided by organization	<u>3,375</u>
	<u>\$ 32,954</u>

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



# KnightMadden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA  
Dona C. Manuel, CPA

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

To the Board of Directors of 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 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, 2016 through June 30, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a. Budgeting, including
    - i. preparing,  
*Nothing in the manual regarding the budget.*
    - ii. adopting,  
*Nothing in the manual regarding the budget*

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- iii. monitoring, and

*Nothing in the manual regarding the budget*

- iv. amending the budget.

*Nothing in the manual regarding the budget*

Purchasing, including

- v. how purchases are initiated;

*Nothing in the manual regarding purchases.*

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

*Nothing in the manual regarding purchases.*

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

*Nothing in the manual regarding purchases.*

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

*Nothing in the manual regarding purchases.*

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

*Nothing in the manual regarding purchases.*

b. Disbursements, including

- i. processing,

*Nothing in the manual regarding disbursements.*

- ii. reviewing, and

*Nothing in the manual regarding disbursements.*

- iii. approving.

*Nothing in the manual regarding disbursements.*

c. Receipts, including

- i. receiving,

*Nothing in the manual regarding receipts.*

- ii. recording, and

*Nothing in the manual regarding receipts.*

- iii. preparing deposits.

*Nothing in the manual regarding receipts.*

d. Payroll/Personnel, including

- i. payroll processing, and

*Nothing in the manual regarding payroll.*

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

*Nothing in the manual regarding payroll.*

e. Contracting, including

- i. types of services requiring written contracts,

*Nothing in the manual regarding services requiring written contracts.*

- ii. standard terms and conditions,

*Nothing in the manual regarding services requiring written contracts.*

- iii. legal review,

*Nothing in the manual regarding services requiring written contracts.*

- iv. approval process, and

*Nothing in the manual regarding services requiring written contracts.*

- v. monitoring process.

*Nothing in the manual regarding services requiring written contracts.*

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

- i. how cards are to be controlled,

*Nothing in the manual regarding credit cards.*

- ii. allowable business uses,

*Nothing in the manual regarding credit cards.*

- iii. documentation requirements,

*Nothing in the manual regarding credit cards.*

- iv. required approvers, and

*Nothing in the manual regarding credit cards.*

- v. monitoring card usage.

*Nothing in the manual regarding credit cards.*

- g. 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 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.

*Nothing in the manual regarding required approvers for travel reimbursement.*

- h. Ethics, including (Note: Ethics requirements are not applicable to nonprofits.)
    - 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.*
  - i. Debt Service, including
    - i. debt issuance approval,  
*Not applicable to nonprofits.*
    - ii. EMMA reporting requirements,  
*Not applicable to nonprofits.*
    - iii. debt reserve requirements, and  
*Not applicable to nonprofits.*
    - iv. debt service requirements.  
*Not applicable to nonprofits.*
2. Obtain and review the board/committee minutes for the fiscal period, and:
- a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The board met with a quorum on a quarterly basis.*

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Budget to actual comparisons were not referenced in the minutes.*

- i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit.

*No deficit was reported.*

- ii. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*No deficit was reported.*

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Non-budgetary financial information was not discussed nor documented in the minutes.*

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

*Monthly bank reconciliations were prepared for each bank account selected.*

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank reconciliations were not reviewed by a member of management or board member that is not involved in banking transactions.*

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*There were no reconciling items that have been outstanding more than 6 months on the reconciliations that were selected.*

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Client represented that there are no cash collection locations.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is

- i. bonded,

*N/A*

- ii. not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and

*N/A*

- iii. not required to share the same cash register or drawer with another employee.

*No cash register or drawer is used.*

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*N/A.*

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*N/A*

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*N/A*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*N/A*

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement

population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Purchase orders were not used to initiate the purchases for all transactions.*

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*N/A*

- c. Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*N/A*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent

of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*No signature stamp is used. Signed checks are kept in a locked location until mailed.*

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, 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.

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.])

*Monthly statements and supporting documentation was not reviewed and approved, in writing, by someone other than the authorized card holder.*

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges were assessed on the selected statements.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a. For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt (i.e., identifies precisely what was purchased)

*An original itemized receipt was present for all but 14 transactions tested.*

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Documented business purpose was present for all transactions.*

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Other documentation required by the written policy was present for all but 19 transactions.*

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No transactions selected were subject to the Louisiana Public Bid Law.*

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.*

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Rates are present in the written policies and procedures manual. Rates do not exceed the established rates of the U. S. General Services Administration.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*There is no written policy regarding travel reimbursement.*

- b. Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*An original itemized receipt was present for each reimbursement.*

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Documentation on the business/public purpose was present for each reimbursement.*

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*There is no written policy regarding travel reimbursement.*

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.*

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*None of the reimbursements have written approval by someone other than the person receiving the reimbursement.*

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*There was only one vendor the entity was under contract with. The vendor selected had a formal written contract that supports the services arrangement and the amount paid.*

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

*The contract selected was not subject to the Louisiana Bid Law.*

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*The contract selected was not subject to the Louisiana Bid Law. A quote was not solicited for the contract tested.*

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*The contract was not amended.*

- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*A supporting invoice was present for the contract payment. The invoice and subsequent payment complied with the term and conditions of the contract.*

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*The contract selected was approved by the board and this approval was in the minutes.*

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Employee files did not contain pay rate information for employees selected.*

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No pay changes for the five employees selected.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a. Report whether 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.)

*All selected employees/officials document their daily attendance except for the salaried employees.*

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*None of the employees tested took leave.*

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*There is no accrued leave for the employees.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

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

- a. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials.

*There were no termination payments made.*

- b. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*N/A.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*The entity paid all tax payments by the required deadlines.*

*The entity filed all required payroll tax reporting forms by the required deadlines for the fiscal year.*

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Not applicable to nonprofits.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Not applicable to nonprofits.*

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable to nonprofits.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable to nonprofits.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable to nonprofits.*

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*The entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The entity does not have the notice required by R.S. 24:523.1 posted on its premises and/or website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions regarding management's representations were identified.*

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.



**Knight Masden**

Alexandria, Louisiana

December 15, 2017