

**Central Louisiana AIDS Support Services**

**Alexandria, Louisiana**

**Financial Statements**

**December 31, 2018**

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# KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

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## Independent Auditors' Report

To the Board of Directors of  
Central Louisiana AIDS Support Services, Inc.  
Alexandria, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Central Louisiana AIDS Support Services (CLASS) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Louisiana AIDS Support Services 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of CLASS'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 and should be considered in assessing the results of our audit.

### **Report on Summarized Comparative Information**

We have previously audited CLASS's 2017 financial statements, and we expressed an unmodified 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.



**KnightMasden**  
Alexandria, Louisiana  
June 26, 2019



Central Louisiana AIDS Support Services  
Statement of Financial Position  
December 31

	<u>2018</u>	<u>2017</u> Summarized Total
Assets		
Current Assets		
Cash and cash equivalents	\$ 465,259	\$ 550,111
Grants and pledges receivable	256,223	127,010
Prepaid expenses	<u>3,021</u>	<u>6,465</u>
Total Current Assets	724,503	683,586
 Plant, Property and Equipment, net of accumulated depreciation	 205,686	 217,439
 Other Assets		
Deposits	<u>2,001</u>	<u>2,001</u>
Total Other Assets	<u>2,001</u>	<u>2,001</u>
 Total Assets	 <u>\$ 932,190</u>	 <u>\$ 903,026</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 16,025	\$ 7,030
Payroll liabilities	3,932	547
Deferred Revenue	<u>-</u>	<u>36,667</u>
Total Current Liabilities	<u>19,957</u>	<u>44,244</u>
 Net Assets		
without Donor Restrictions	773,291	727,953
with Donor Restrictions	<u>138,942</u>	<u>130,829</u>
Total Net Assets	<u>912,233</u>	<u>858,782</u>
 Total Liabilities and Net Assets	 <u>\$ 932,190</u>	 <u>\$ 903,026</u>

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

Central Louisiana AIDS Support Services  
Statement of Activities  
For the Year Ended December 31

	without Donor <u>Restrictions</u>	<u>2018</u> with Donor <u>Restrictions</u>	<u>Total</u>	<u>2017</u> Summarized <u>Total</u>
<b>Revenues</b>				
Contributions, gifts and grants	\$ 10,227	\$ 771,700	\$ 781,927	\$ 643,491
Fund raising income	26,530	-	26,530	20,200
Investment income	233	-	233	226
Client fees	64,372	-	64,372	-
Other income	14,375	-	14,375	8,384
Total Revenues	<u>115,737</u>	<u>771,700</u>	<u>887,437</u>	<u>672,301</u>
Net Assets released from restrictions	763,587	(763,587)	-	-
<b>Functional Expenses</b>				
Program services	793,421	-	793,421	578,516
Management and general	27,087	-	27,087	38,277
Fundraising	13,478	-	13,478	1,846
Total Functional Expenses	<u>833,986</u>	<u>-</u>	<u>833,986</u>	<u>618,639</u>
Change in Net Assets	45,338	8,113	53,451	53,662
Net Assets - Beginning	<u>727,953</u>	<u>130,829</u>	<u>858,782</u>	<u>805,120</u>
Net Assets - Ending	<u>\$ 773,291</u>	<u>\$ 138,942</u>	<u>\$ 912,233</u>	<u>\$ 858,782</u>

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

Central Louisiana AIDS Support Services  
Statement of Cash Flows  
For the Year Ended December 31

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 53,451	\$ 53,662
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	11,753	20,250
(Increase) decrease in receivables	(129,213)	50,392
(Increase) decrease in prepaid expenses	3,444	(6,465)
Increase (decrease) in current liabilities	<u>(24,287)</u>	<u>34,969</u>
Net Cash Provided (Used) by Operating activities	(84,852)	152,808
Cash flows from Investing Activities		
Purchase of plant, property and equipment	<u>-</u>	<u>(41,587)</u>
Net Cash Used by Investing Activities	-	(41,587)
Net Increase (Decrease) in Cash and Cash equivalents	(84,852)	111,221
Cash and Cash Equivalents - Beginning of Year	<u>550,111</u>	<u>438,890</u>
Cash and Cash Equivalents - End of Year	<u>\$ 465,259</u>	<u>\$550,111</u>

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

Central Louisiana AIDS Support Services  
Statement of Functional Expenses  
For the Year Ended December 31

	2018						2017	
	Direct Services for AIDs Patients	Gay Men's Wellness	Prevention	Total Program Services	Management and General	Fundraising	Total Expenses	Summarized Expenses
Payroll expenses	\$ 310,700	\$ 19,867	\$ 5,792	\$ 336,359	\$ 3,870	\$ -	\$ 340,229	\$ 254,090
Contract labor	81,555	1,000	-	82,555	11,000	-	93,555	83,518
Travel	9,093	-	1,078	10,171	-	-	10,171	11,043
Professional fees	45,260	-	11,640	56,900	-	-	56,900	18,506
Bank charges	112	-	-	112	-	-	112	95
Depreciation	8,993	2,760	-	11,753	-	-	11,753	20,250
Dues and subscriptions	-	-	-	-	500	-	500	1,867
Education and seminars	2,893	-	-	2,893	-	-	2,893	1,200
Insurance	11,796	-	7,210	19,006	293	-	19,299	20,190
Repairs and maintenance	1,056	-	-	1,056	5,479	-	6,535	7,704
Office expense	15,613	6,530	5,258	27,401	2,268	13,478	43,147	29,197
Program expense	132,036	920	1,934	134,890	-	-	134,890	74,658
Telephone	9,821	-	2,597	12,418	2,412	-	14,830	12,639
Utilities	5,229	-	4,514	9,743	765	-	10,508	10,883
Advertising	-	-	-	-	500	-	500	-
Rent	73,440	-	-	73,440	-	-	73,440	55,401
Other Expense	10,054	4,670	-	14,724	-	-	14,724	17,398
<b>Total</b>	<u>\$ 717,651</u>	<u>\$ 35,747</u>	<u>\$ 40,023</u>	<u>\$ 793,421</u>	<u>\$ 27,087</u>	<u>\$ 13,478</u>	<u>\$ 833,986</u>	<u>\$ 618,639</u>

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

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 1 – Summary of Significant Accounting Policies**

Organization

Central Louisiana AIDS Support Services (CLASS) is a nonprofit organization providing support and services to people infected and affected by acquired autoimmune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Central Louisiana region. CLASS also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected. CLASS also provides a continuum of care and supportive services for individuals and families living with HIV disease. CLASS's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program's goal is making the community aware that prevention is vital to reducing the spread of HIV. CLASS provides a prevention intervention program through street/community outreach; HIV prevention counseling, testing, referral and partner notification; community education and condom availability. Outreach is a person to person approach involving education to prevent the spread of HIV and other STDs. These services are funded through various programs including Ryan White Part B and Ryan White Part C, HIV/AIDS Prevention, United Way, and Elton John AIDS Foundation.

Case Management

CLASS provides case managers who serve as liaisons between clients and the network of community resources to ensure that the infected live comfortably and with dignity. Case managers work with those living with HIV and AIDS to develop a plan of care that addresses the medical, financial, emotional and social needs. Funding for these services is provided by Ryan White Part B and Part F and Housing Opportunities for Persons with AIDS.

Food Pantry

CLASS operates a food pantry which supplements the clients' needs with nonperishable food items and personal care items. This program is provided by Ryan White Part B and Broadway Cares.

Housing Support Services

Housing Support Services provides assistance to persons with significant disabilities to obtain and maintain housing in the community. The supports provided are rent and utilities assistance. Funding for this assistance is provided by Housing Opportunities for Persons with AIDS.

Transportation Services

CLASS provides clients with (2) \$10 gas vouchers per month or bus tickets for medical appointments. Transportation services are funded through Ryan White Part B.

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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 CLASS and changes therein are classified and reported as follows:

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

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

Tax Status

CLASS is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, CLASS is not classified as a “private foundation” by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or assets) or disclosure in the financial statements.

Accounts Receivable

Accounts receivable are comprised primarily of reimbursements from federal agencies. CLASS uses the allowance method to account for uncollectible receivables. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements. Due to reimbursements being due primarily from federal agencies with minimal risks of nonpayment based on CLASS's past experience with these agencies, all amounts due are considered collectible and therefore no allowance is recorded.

Cash and Cash Equivalents

CLASS considers all demand deposits and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include monies designated for specific programs or held for others.

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Equipment, Furniture and Buildings

Equipment and furniture are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of assets range from three to seven years for equipment and furniture and thirty-nine years for buildings.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of CLASS have been summarized on a functional basis in the accompanying statements of functional expenses.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote CLASS's fund-raising events and raise awareness of the disease and its prevention.

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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. CLASS's estimates include those regarding the fair value of donated materials and services.

**Note 2 – 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:

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 2 – Fair Value Measurement (continued)**

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

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

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

Fair value of assets measured on a recurring basis at December 31, 2018 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2018 Using</u>			
<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash	\$465,259	\$465,259	\$ -	\$ -

**Note 3 – Grants Receivable**

Grants receivable at December 31, 2018 consists of the following programs:

State of Louisiana – Ryan White II	\$ 175,922
State of Louisiana – HIV/AIDS Prevention	17,056
State of Louisiana – Gay Men’s Wellness	13,245
The Rapides Foundation	<u>50,000</u>
 Total Grants Receivable	 <u>\$256,223</u>

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 4 – Equipment and Furniture**

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of December 31, 2018:

<u>Description</u>	<u>Life</u>	
Building	39 years	\$201,172
Equipment & Furniture	5 to 10 years	169,594
Land		32,094
Less: Accumulated Depreciation		<u>(197,174)</u>
Net Fixed Assets		<u>\$205,686</u>

Depreciation expense for the year ended December 31, 2018 was \$11,753.

**Note 5 – Concentrations**

Grants received require the fulfillment of certain conditions as set forth in the grant instruments; CLASS intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. CLASS, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represented approximately 85% of CLASS's total support and revenue for year 2018. In addition, the balance of accounts receivable is comprised primarily of government grants.

The Company maintains cash balances with a regional bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018, there was \$218,828 in cash on deposit that was in excess of the federally-insured limits.

**Note 6 – Restricted Net Assets**

Net asset with donor restrictions as of December 31, 2018 totaled \$130,829 and were restricted for the following purposes:

Teen pregnancy prevention	\$ 6,285
Substance abuse prevention	78,119
Prevention testing and advocacy	20,882
HIV care, testing and prevention	5,000
Direct services for AIDS patients	<u>28,656</u>
Total	<u>\$138,942</u>

Central Louisiana AIDS Support Services  
Notes to the Financial Statements  
December 31, 2018

**Note 6 – Restricted Net Assets (continued)**

Net assets with donor restriction income was generated through both cost reimbursements and “pay for services” type funding. The amounts reported as grant and contract income exceeded program expenses due to the fact that the “pay for services” funding is not directly related to an offsetting program expense. Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants.

**Note 7 – Taxes**

CLASS's tax returns for the years ended December 31, 2015 through December 31, 2017, remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2018 has not been filed as of the report date.

**Note 8 – Subsequent Events**

CLASS has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 26, 2019, which is the date the report was issued.

**Supplementary Schedules**

Central Louisiana AIDS Support Services  
Schedule of Compensation, Benefits and Other Payments to Ann Lowrey,  
Executive Director  
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 70,000
Insurance - benefits	84
Travel (mileage)	<u>1,310</u>
	<u>\$ 71,394</u>

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



**KnightMasden**

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**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Central Louisiana AIDS Support Services  
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Louisiana Aids Support Service (CLASS) (a nonprofit organization) which comprise that statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019.

**Internal Control over Financial Reporting**

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

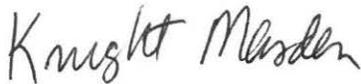
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CLASS'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 instance of noncompliance or other matter that is 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.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**KnightMadden**  
Alexandria, Louisiana  
June 26, 2019



Central Louisiana AIDS Support Services  
Schedule of Findings  
For the Year Ended December 31, 2018

**Current Year Findings**

No current year findings.

**Summary of Prior Year Findings**

No prior year findings.



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

To the Board of Directors of Central Louisiana AIDS  
Support Services and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Central Louisiana AIDS Support Service (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 January 1, 2018 through December 31, 2018. 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,

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

- ii. adopting,

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

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- iii. monitoring, and

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

- iv. amending the budget.

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

b. Purchasing, including

- i. how purchases are initiated;

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

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

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

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

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

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

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

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

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

c. Disbursements, including

- i. processing,

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

- ii. reviewing, and

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

- iii. approving.

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

d. Receipts, including

- i. receiving,

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

- ii. recording, and

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

- iii. preparing deposits.

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

e. Payroll/Personnel, including

- i. payroll processing, and

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

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

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

f. Contracting, including

- i. types of services requiring written contracts,

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

- ii. standard terms and conditions,

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

- iii. legal review,

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

- iv. approval process, and

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

- v. monitoring process.

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

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

- i. how cards are to be controlled,

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

- ii. allowable business uses,

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

- iii. documentation requirements,

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

- iv. required approvers, and

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

- v. monitoring card usage.

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

- h. Travel and expense reimbursement, including

- i. allowable expenses,

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

- ii. dollar thresholds by category of expense,

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

- iii. documentation requirements, and

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

- iv. required approvers.

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

- i. 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.*
  - j. 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 odd numbered months.*

- 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).

*Not for profit entity does not use fund accounting.*

- 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 discussed and 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 all but one 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 did not include evidence that a member of management or a board member reviewed it.*

- 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.

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

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,

*Employee collecting cash is bonded.*

- 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

*The employee collecting cash is not responsible for depositing cash in the bank, recording the transaction, or reconciling the bank account.*

- 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.

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

- 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.

*Two of the selected deposits were not made within a day of collection.*

- 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.

*Cash collections are completely supported by documentation.*

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.

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

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 are not utilized within the organization.*

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

*Purchase orders are not utilized within the organization.*

- 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.

*All disbursements selected had an invoice approved at time of payment.*

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 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 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 (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.]]

*There was no 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.*

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

*Debit card is used therefore not finance charges or late fees can be assessed.*

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 one transaction 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.)

*No transactions selected required other documentation.*

- 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.

*No reimbursements were subject to per diem and mileage rates.*

- 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.

*Each expense was reimbursed in accordance with the written policy.*

- 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)

*Documentation required by a written policy was present.*

- 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.

*All but 2 transactions 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.

*None of the vendors 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).

*None of the contracts selected were subject to the Louisiana Bid Law.*

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

*None of the contracts selected were subject to the Louisiana Bid Law. Quotes were not solicited for any of the contracts.*

- 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.

*Not applicable.*

- 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 all four transactions selected.*

- 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).

*Not applicable.*

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.

*Compensation paid based on employment contract.*

- 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 and leave.*

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

*For employees with leave hours on selected payroll, written approved documentation was not present.*

- 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.

*Written documentation is kept on all leave balances.*

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.

*Two termination payments were selected.*

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

*Termination payments made in accordance with written policy and approved by management.*

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 has 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.



**KnightMadsen**  
Alexandria, Louisiana  
June 26, 2019

