

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2017**

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
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DECEMBER 31, 2017**

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# **BAXLEY AND ASSOCIATES, LLC**

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**Staci H. Joffrion, CPA/CGMA**

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Healing Place Serve  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Healing Place Serve (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **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 Organization'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 Organization'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.

## INDEPENDENT AUDITOR'S REPORT, Continued

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healing Place Serve as of December 31, 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.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 16 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 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 expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT, Continued

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, on our consideration of Organization'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 the 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 Organization's internal control over financial reporting and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 25, 2018

**FINANCIAL STATEMENTS**

HEALING PLACE SERVE  
 BATON ROUGE, LOUISIANA  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2017

**ASSETS**

Current Assets	
Unrestricted cash and cash equivalents	\$ 66,788
Restricted cash	11,005
Accounts receivable:	
Unrestricted	3,131
Restricted	9,000
Federal grants receivable	74,105
Prepaid insurance	8,712
Total Current Assets	172,741
Property and Equipment	
Building and improvements	560,649
Leasehold improvements	81,461
Equipment	6,659
Vehicle	43,023
Construction in progress	-
	691,792
Less accumulated depreciation	(127,023)
Total Property and Equipment	564,769
<b>TOTAL ASSETS</b>	<b>\$ 737,510</b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 24,590
Accrued payroll	44,887
Accrued leave	9,596
Current portion of note payable	16,409
Total Current Liabilities	95,482
Long-Term Liabilities	
Note payable	309,232
Total Liabilities	404,714
Net Assets	
Unrestricted	312,791
Temporarily restricted	20,005
Total Net Assets	332,796
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 737,510</b>

The accompanying notes are an integral part of this statement.

HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 141,991	\$ 39,650	\$ 181,641
Grants	-	50,000	50,000
Federal grant revenue	1,263,865	-	1,263,865
In-kind revenues	126,452	-	126,452
Miscellaneous revenue	8,700	-	8,700
Total revenues	<u>1,541,008</u>	<u>89,650</u>	<u>1,630,658</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of program restrictions	<u>90,304</u>	<u>(90,304)</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b><u>1,631,312</u></b>	<b><u>(654)</u></b>	<b><u>1,630,658</u></b>
<b>EXPENSES</b>			
Program	1,463,738	-	1,463,738
Management and general	272,554	-	272,554
Fundraising	-	-	-
<b>TOTAL EXPENSES</b>	<b><u>1,736,292</u></b>	<b><u>-</u></b>	<b><u>1,736,292</u></b>
<b>CHANGES IN NET ASSETS</b>	<b>(104,980)</b>	<b>(654)</b>	<b>(105,634)</b>
Net assets, beginning of year	248,249	190,181	438,430
Restatement of beginning net assets, temporarily restricted to unrestricted	<u>169,522</u>	<u>(169,522)</u>	<u>-</u>
Net assets, as restated	<u>417,771</u>	<u>20,659</u>	<u>438,430</u>
Net assets, end of year	<u><u>\$ 312,791</u></u>	<u><u>\$ 20,005</u></u>	<u><u>\$ 332,796</u></u>

The accompanying notes are an integral part of this statement.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

2017

	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and other related expenses	\$ 840,826	\$ 243,889	\$ -	\$ 1,084,715
In-kind donations (program)	126,452	-	-	126,452
Meetings, travel and education	34,635	1,497	-	36,132
Professional fees	-	5,605	-	5,605
Depreciation expense	-	7,800	-	7,800
Non-program expenses	-	9,286	-	9,286
Office and supplies	22,075	2,622	-	24,697
Interest expense	-	1,855	-	1,855
Direct program expenses	439,750	-	-	439,750
<b>TOTAL EXPENSES</b>	<b>\$ 1,463,738</b>	<b>\$ 272,554</b>	<b>\$ -</b>	<b>\$ 1,736,292</b>

The accompanying notes are an integral part of this statement.

HEALING PLACE SERVE  
 BATON ROUGE, LOUISIANA  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (105,634)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,255
Net change in:	
Accounts receivable	33,068
Prepaid insurance	(1,464)
Federal grants receivable	64,270
Accounts payable	10,395
Payroll liabilities	8,028
	<u>25,918</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>25,918</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Expenditures for construction in progress	<u>(132,385)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(132,385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Draws on line of credit	124,745
Principal payments on note payable	<u>(2,607)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>122,138</b>
<b>NET INCREASE IN CASH</b>	<b>15,671</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>62,122</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 77,793</b>
<b>Reconciliation to Cash</b>	
Unrestricted cash	\$ 66,788
Temporarily restricted	11,005
	<u>\$ 77,793</u>
<b>Supplemental Data</b>	
Cash paid during the year for interest	<u>\$ 13,566</u>

The accompanying notes are an integral part of this statement.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Healing Place Serve (HP Serve or the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

**Organization Background and Operations**

HP Serve is not-for-profit organization founded in September 2010 to empower individuals, families, and communities in disadvantaged areas of Louisiana by meeting their physical, educational, emotional, and spiritual needs. When HP Serve began its operations, they identified target populations as homeless youth, youth in foster care and those who age out with nowhere to go; and victims of sexual trafficking. The program was built around the needs of these youth, incorporating evidence-based practices such as Positive Youth Development, Trauma-Informed Care, and permanent connections. In the majority of our programs, we work with youth ages 12-26, however we also work with adult victims of trafficking. HP Serve provides life skill training, tutoring, mentorship, and other supportive services. HP Serve also has programs to build greater awareness and better response to the problem of child trafficking, to coordinate foster care/adoption events, and to provide housing for low-income individuals. The major sources of income for the Organization are contributions and grants.

**Tax Exemption Status**

HP Serve is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization applies and accounting guidance related to accounting for uncertain tax positions. In management's judgment, the Organization does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment are ending on or after December 31, 2015.

**Basis of Presentation**

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and other investments with original maturities of three months or less. Restricted cash represents amounts held by the Organization with donor-imposed restrictions.

**Accounts Receivable**

The Organization determines past due accounts based on contractual terms and does not charge interest on the accounts. The Organization charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management does not believe an allowance for doubtful accounts is necessary at December 31, 2017. Unrestricted accounts receivable amounted to \$3,131 and restricted was \$9,000 at December 31, 2017.

Federal grants receivable consists of receivables for reimbursement of expenditures under various federal programs and grants. At December 31, 2017, this receivable was \$74,105.

**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 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.

**Property and Equipment and Depreciation**

Property and equipment are stated at historical cost. Healing Place Serve's policy is to capitalize property and equipment greater than or equal to \$5,000. Depreciation of property and equipment is computed over the estimated useful lives of the assets, which range from 3 – 39 years, using the straight-line method.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Materials, Equipment and Facilities**

Donated materials, equipment, and facilities are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt. The Organization operates, with a minimal charge, certain premises upon which their office is located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

**Contributed Services**

The Organization recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Functional Allocation of Expenses**

The costs of providing the various programs and administrative activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated between program and administrative expense based on management's estimate.

**Compensated Absences**

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year but must be used no later than February 28<sup>th</sup>. Any remaining annual leave will expire after February 28<sup>th</sup>.

**NOTE B – TEMPORARILY RESTRICTED CONTRIBUTIONS/GRANTS**

Net assets were temporarily restricted for the following purposes at December 31, 2017:

Foster Care Program	\$ -
Anchor House Fundraising Account	19,368
Anchor House Program	78
Anchor House Operations/Furnishings	-
Wilson: After School Program & Mentorship	-
Client Related	559
	<u>\$ 20,005</u>

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B – TEMPORARILY RESTRICTED CONTRIBUTIONS/GRANTS (CONTINUED)**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by the donors for the following programs:

Foster Care Program	\$ 23,500
Anchor House Fundraising Account	254
Anchor House Program	14,800
Anchor House Operations/Furnishings	400
Wilson: After School Program & Mentorship	51,350
Client Related	-
	<u>\$ 90,304</u>

**NOTE C – CREDIT RISK**

The Organization has cash balances on deposit with financial institutions that may at times exceed FDIC insurance. At December 31, 2017, all cash balances were covered by FDIC. Management believes the credit risk is minimal.

**NOTE D – PROPERTY AND EQUIPMENT**

The Organization had the following property and equipment at December 31, 2017:

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>Balance 12/31/2017</u>
Buildings and improvements	\$ 130,000	\$ -	\$ -	\$ 430,649	\$ 560,649
Leasehold improvements	81,461	-	-	-	81,461
Equipment	6,659	-	-	-	6,659
Vehicles	43,023	-	-	-	43,023
Construction in progress	298,263	132,386	-	(430,649)	-
Total	<u>559,406</u>	<u>132,386</u>	<u>-</u>	<u>-</u>	<u>691,792</u>
Less: Accumulated depreciation	(109,768)	(17,255)	-	-	(127,023)
Net Capital Assets	<u>\$ 449,638</u>	<u>\$ 115,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,769</u>

This schedule includes \$9,455 of capitalized interest.

**NOTE E – RELATED PARTY**

The Organization also receives donated office space from Healing Place Church. The value of the donated facilities received during the year ended December 31, 2017 was \$29,700. Healing Place Church receives no compensation for this service or for the use of the office space.

The President of the board of directors for Healing Place Serve is also employed with their affiliated organization, Healing Place Church. He received no compensation from Healing Place Serve in 2017.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E – RELATED PARTY (CONTINUED)**

A board member owns a law firm that provides legal services to Healing Place Serve. He received no compensation from Healing Place Serve in 2017. His services are included in In-Kind revenue and expense on the Statement of Activities at December 31, 2017.

**NOTE F – LONG TERM DEBT**

In October of 2016, Healing Place Serve was approved for a \$335,000 line of credit. On October 12, 2017, the loan was refinanced to a note payable with an interest rate of 3.95% due on October 12, 2022. The details on the line of credit and the note were as follows:

Line of credit balance 1/1/17	\$	203,503	
Draws on line of credit		124,745	
Payments to principal		(92)	
Balance converted to loan 10/12/17		<u>328,156</u>	
Principal payments on loan		(2,625)	
Service charge		110	
Ending note balance 12/31/17	\$	<u>325,641</u>	
		<u>Current Portion</u>	<u>LT Portion</u>
Note Payable	\$	<u>16,409</u>	\$ <u>309,232</u>

**NOTE G – IN-KIND DONATIONS**

The Organization received in-kind donations of various assets and services in connection with the delivery of its programs. The fair value of the in-kind donation is recorded as leasehold improvements, revenues and expenses when the goods or services are pledged or received. In-kind donations recognized for the year ended December 31, 2017 are as follows:

	<u>2017</u>
Office space rent and utilities	\$ 29,700
Materials	3,998
Professional services	92,754
Total In-Kind Revenues	<u>\$ 126,452</u>

**NOTE H – COMPENSATED ABSENCES**

Changes in compensated absences for the year ended December 31, 2017 were as follows:

Beginning balance 1/1/17	\$ 7,130
Changes in compensated absences	<u>2,466</u>
Ending balance 12/31/17	<u>\$ 9,596</u>

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I – CONTRIBUTED SERVICES**

During the year ended December 31, 2017, the total value of contributed services meeting the requirement for recognition in the financial statements was \$92,754. Contributed services represent legal, dental and victim services provided during 2017 for a federal program.

**NOTE J – RESTATEMENT OF BEGINNING NET ASSETS**

Management prepares a spreadsheet to track all incoming temporary restricted contributions and releases from restrictions. Management feels that the spreadsheet did not reflect the proper amount of releases from restrictions in prior years and has restated beginning restricted assets to reflect the correction of the spreadsheet. The change in beginning net assets is reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Beginning net assets, 1/1/17	\$ 248,249	\$ 190,181
Restatement of beginning temporarily restricted net assets	<u>169,522</u>	<u>(169,522)</u>
Beginning net assets, as restated	<u><u>\$ 417,771</u></u>	<u><u>\$ 20,659</u></u>

**NOTE K – RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2016, the FASB issued ASU 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB’s improvements to net asset classification requirements and the information presented about a not-for-profit entity’s liquidity, financial performance, and cash flows. The amendments in the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 with early application permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

**NOTE L – SUBSEQUENT EVENTS**

Two emergency shelter grants were awarded in May of 2018. The Continuum of Care Grant (CoC) was awarded for \$220,429; it is Federally funded by HUD and coordinated by the State of Louisiana to provide Housing & Case Management to eligible participants. The Emergency Solutions Grant (ESG) was awarded for \$206,000; it is also Federally funded by HUD and coordinated by the State of Louisiana to provide Housing to eligible participants.

Management has evaluated subsequent events through June 25, 2018, the date that the financial statements were available to be issued.

**OTHER SUPPLEMENTARY INFORMATION**

**HEALING PLACE SERVE  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Agency Head Name: Claudia Berry**

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 72,800
Benefits - insurance	6,564
Phone allowance	1,200
Reimbursements	2,033
Travel	255
Conference Travel	1,217
<b>TOTAL</b>	<b>\$ 84,069</b>

**OTHER REPORTS AND SCHEDULES**

# **BAXLEY AND ASSOCIATES, LLC**

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Margaret A. Pritchard, CPA/CGMA  
Matthew L. Berthelot, CPA

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Staci H. Joffrion, CPA/CGMA

## **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  
Healing Place Serve  
Baton Rouge, 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 Healing Place Serve (the Organization), which comprise the statement of financial position as of December 31 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2018.

### **Internal Control Over Financial Reporting**

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

**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 (continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Healing Place Serve'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 Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 25, 2018

# **BAXLEY AND ASSOCIATES, LLC**

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Staci H. Joffrion, CPA/CGMA

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Healing Place Serve  
Baton Rouge, Louisiana

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

We have audited Healing Place Serve's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(continued)**

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

In our opinion, Healing Place Serve complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

**Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 25, 2018

HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Name	Grant Number	CFDA Number	Expenditures
<b><u>U.S. Department of Health and Human Services (DHHS)</u></b>			
Passed through: USCRI			
National Human Trafficking Victim Assistance	90ZV0101-01	93.598	\$ 17,327
Direct Program			
<i>Administration for Children and Families - Family and Youth Services Bureau</i>			
Street Outreach Program	90YO2191-02-00	93.557	157,693
Transitional Living Program	90CX6891-04-00	93.550 *	159,949
Transitional Living Program	90CX7170-01-00	93.550 *	51,241
Domestic Victims of Human Trafficking Program	90TV0021-01-00	93.217	242,210
Domestic Victims of Human Trafficking Program	90TV0021-02-01	93.217	55,636
Louisiana Children's Anti-Trafficking Initiative	90CA1827-02	93.670 *	255,429
Louisiana Children's Anti-Trafficking Initiative	90CA1827-03	93.670 *	46,181
Passed through: Louisiana Department of Children and Family Services			
<i>Administration for Children and Families - Family and Youth Services Bureau</i>			
Chafee Foster Care Independent Living Program	2000224911	93.674	145,829
<b><u>U.S. Department of Justice</u></b>			
Direct Program			
<i>Office for Victims of Crime</i>			
Mentoring Child Victims Program	2016-MU-MU-0013	16.543	132,370
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u><u>\$ 1,263,865</u></u></b>

\* Major programs

See accompanying notes to Schedules of Expenditures of Federal Awards.

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Healing Place Serve and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B – RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES**

Total Expenses	\$ 1,736,292
Non-Cash Adjustments - Depreciation	(17,255)
Non-Cash Adjustments - In-kind donations	(126,452)
Non-Federal Expenditures	<u>(328,720)</u>
<b>Total Federal Expenditures</b>	<b><u><u>\$ 1,263,865</u></u></b>

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      X   no

Identification of major programs:

<i>CFDA Number(s):</i>	<i>Name of Federal Program or Cluster:</i>
93.550	Transitional Living Program
93.670	Louisiana Children's Anti-Trafficking Initiative

Dollar threshold used to distinguish between type A and type B programs: \$750,000 or greater  
 Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS – FEDERAL AWARDS**

None

**HEALING PLACE SERVE  
BATON ROUGE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**Financial Statement Audit:**

**2016-001 Restricted Net Assets**

Condition:

The balance per the Organization-maintained spreadsheet for the tracking of restricted revenues and expenditures lists ending restricted net assets of \$190,181; however, the balance in the cash accounts totals \$62,122.

Recommendation:

The Organization should set up a separate bank account for restricted funds to help track restricted revenue and expenditures and ensure proper coding. The Organization-maintained spreadsheets should be reconciled to the general ledger on consistent basis.

Status:

This was corrected in the current year.

**Major Federal Award Program Finding:**

None

**HEALING PLACE SERVE**  
**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

# **BAXLEY AND ASSOCIATES, LLC**

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Staci H. Joffrion, CPA/CGMA

To the Members of the Board of Directors  
Healing Place Serve  
Baton Rouge, Louisiana

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Healing Place Serve and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. Healing Place Serve's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Findings:*

We reviewed the written policies and procedures for the related functions listed in the above procedures. Through our review, we were able to determine that the entity has sufficient policies and procedures. Also, since Healing Place Serve is a nonprofit organization, the written policies and procedures were not required to address ethics and/or debt service.

No exceptions were noted as a result of applying the procedure.

***Board (or Finance Committee, if applicable)***

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- 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.
  - 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).
  - c) 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. 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.
  - d) 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.

*Findings:*

Healing Place Serve met at least annually with a quorum in accordance with their bylaws. The board minutes referenced a review of the financial report but did not specifically address budget-to-actual comparisons. The minutes included references to hiring a consultant for fundraising assistance and payoff of a loan.

***Bank Reconciliations***

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

*Findings:*

We reviewed the listing of the client's bank accounts with Iberia Bank and Red River Bank. We received management's representation that the listing is complete and accurate.

No exceptions were noted as a result of applying the procedure.

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;
  - 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
  - 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.

*Findings:*

Healing Place Serve has three bank accounts. We obtained the related bank statements and reconciliations for all months in the year for all three bank accounts. There was evidence that the bank reconciliations had been prepared and approved monthly by the Director for each account; however, the reconciled balances on the December bank reconciliations on two of the bank accounts did not agree to the balance on the ledger. There were transactions greater than six months old outstanding at the end of the fiscal period. Management provided documentation that showed these items have been researched and appropriate action will be taken on these items.

**Collections**

---

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

*Findings:*

We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. There is one collection location.

No exceptions were noted as a result of applying the procedure.

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 (1) bonded, (2) 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 (3) not required to share the same cash register or drawer with another employee.
- 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.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - 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.
  - 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.

*Findings:*

During testing, we obtained written documentation which identified one employee as responsible for collecting cash. The employee is not bonded nor does the employee share a register or drawer with another employee. This employee is not responsible for depositing cash in the bank, recording the related transactions, and reconciling the bank statements.

We obtained written documentation to determine whether the entity has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers by a person who is not responsible for cash collections. The entity does have a formal process to reconcile cash collections to the general ledger on a weekly basis by an employee not responsible for collecting cash.

We selected the highest week of collections from the location as mentioned above and traced the daily collections to the deposit date on the bank statement to determine that the collections were deposited within one day of receipt. Healing Place Serve utilizes computer-generated logs of receipts as they are collected. This log is supplied to Finance to record in their accounting system along with copies of the supporting 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.

*Findings:*

We obtained written documentation from management regarding the completeness of cash collections for each revenue source by a person not responsible for collections. Both persons who are responsible for determining completeness of cash collections are not responsible for collecting cash.

No exceptions were noted as a result of applying the procedure.

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

---

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.

*Findings:*

We reviewed a management listing of entity disbursements from the general ledger.

No exceptions were noted as a result of applying the procedure.

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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) 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.

*Findings:*

After randomly selecting 25 disbursements from #8 above, we noted that all 25 disbursements were approved and supported by proper invoices. The selected disbursements were types that did not require requisition/purchasing order and receiving reports. Proper approval on all transactions did not include the initiator of the purchase.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

We reviewed the entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system. We were able to determine that the person responsible for transaction processing is prohibited from adding vendors.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

We inquired of management regarding their practices in approving disbursements to determine that the Healing Place Serve program directors have the authority to authorize disbursements, and they are not responsible for initiating or recording the transactions. Only the Executive Director and the Board President have check signing authority and have no responsibility for initiating or recording the transactions.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

The supply of unused checks is being stored in the locked Finance Office and only Finance has access to them. Those with signatory authority do not have access to print checks.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

There is a signature stamp for the Executive Director. It is in the possession of the Finance Department and it is only used by Finance with the explicit consent from the Executive Director. Signed checks remain under the control of the signer until mailed.

No exceptions were noted as a result of applying the procedure.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

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.

*Findings:*

We obtained management's representation that Healing Place Serve maintains 17 credit cards.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

We selected the 10 credit cards and obtained the monthly statements for the selected cards. We selected the largest dollar activity for each card.

For one of the ten cards selected, there was evidence that the monthly statement was reviewed by the authorized cardholder. The other nine credit cards were reviewed and approved by someone other than the authorized cardholder. There were no finance charges or late fees assessed on any of the selected accounts.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the four cards selected (i.e. each of the four cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased)
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
  - 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.
  - 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.

*Findings:*

We examined the monthly statements for the ten credit cards selected in #15 above. We examined that the transactions were supported by original receipt, had

documentation of business purpose, other documentation as required by policies, and proper authorization on all transactions with the exception of three transactions. These three transactions between two credit cards did not have original itemized receipts as support. Due to the nature of the transactions, Louisiana Public Bid Law did not apply. We observed no loans, pledges, or donations of funds, credit, property, or things of value.

### ***Travel Reimbursement***

---

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.

*Findings:*

We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period. Management provided a list of employees with total travel reimbursements. Representation was provided that the list was complete and accurate.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U. S. General Services Administration. According to the Healing Place Serve's policies, employees shall be reimbursed for mileage at state or federal level dependent upon the grant program and per diem is paid at \$50 per day which is under the per diem rate as established by GSA.

No exceptions were noted as a result of applying the procedure.

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.
- b) Report whether each expense is supported by:
  - 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.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Findings:*

We selected the top three persons who incurred the most travel costs as listed in #17 above. We compared expense documentation to written policies, examined original itemized receipts and documentation of business purpose. There was no additional documentation as required by written policy, and we were able to view that the reimbursements were reviewed and approved by someone other than the employee being reimbursed. We observed no loans, pledges, or donations of funds, credit, property or things of value.

The mileage reimbursement rate was paid based off of the 2016 IRS rates in error.

**Contracts**

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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.

*Findings:*

Management provided us with a list of contracts that were in effect during the fiscal year December 31, 2017. Management provided representation that the list was true and complete.

No exceptions were noted as a result of applying the procedure.

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

- 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.
- 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.
- 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).

*Findings:*

We examined the listing of vendors; there were only three contract "vendors" paid during the fiscal year. We examined formal/written contracts, supporting contract documentation, invoice support for the largest payment amounts from each of the three contracts. Due to the nature of the contracts, Louisiana Bid Law and the procurement code do not apply. One of the three contracts did have board approval and the other two contracts did not require board approval as they were established through grant agreements.

No exceptions were noted as a result of applying the procedure.

***Payroll and Personnel***

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- 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:
  - 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.
  - 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.

*Findings:*

We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. Of the five employees selected, two of them received a change in pay rates during the year. We were able to view written approval of the pay rate change on only one of the two employees that received changes in pay during the year.

- 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.)

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

*Findings:*

We selected 25 employees and were able to determine that each selected employee documented their daily attendance and leave, there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and there is written documentation that the entity maintained written leave record on the selected employees.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

We obtained a list of terminated employees during the fiscal year with management's representation that the list was accurate and complete. We reviewed documentation for the two largest termination payments and compared it against the personnel files to ensure that the payments were made in strict accordance with policy and/or contract and was approved by management.

No exceptions were noted as a result of applying the procedure.

- 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.

*Findings:*

We obtained supporting documentation relating to payroll taxes for the fiscal period. We reviewed remittances, cancelled checks, and reporting forms. The supporting documents were remitted timely to the appropriate agency. The retirement contributions portion of this agreed upon procedure was not applicable to Healing Place Serve as the entity is not reimbursed for any contributions made.

No exceptions were noted as a result of applying the procedure.

***Ethics (excluding nonprofits)***

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- 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.

*Findings:*

Healing Place Serve is a nonprofit organization; therefore, this procedure was not applicable to Healing Place Serve.

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.

*Findings:*

Healing Place Serve is a nonprofit organization; therefore, this procedure was not applicable to Healing Place Serve.

***Debt Service (excluding nonprofits)***

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

*Findings:*

Healing Place Serve is a nonprofit organization; therefore, this procedure was not applicable to Healing Place Serve.

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.

*Findings:*

Healing Place Serve is a nonprofit organization; therefore, this procedure was not applicable to Healing Place Serve.

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.

*Findings:*

Healing Place Serve is a nonprofit organization; therefore, this procedure was not applicable to Healing Place Serve.

***Other***

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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.

*Findings:*

Per inquiry of management, there was no misappropriation of funds or assets.

No exceptions were noted as a result of applying the procedure.

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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Findings:*

We observed the Notice required by R.S. 24:523.1 posted at Healing Place Serve's Dream Center and also on the Healing Place Serve website.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

There were no other exceptions noted while performing the Agreed Upon Procedures and none noted in management's representations.

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control of 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.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 25, 2018

## HEALING PLACE SERVE

### Management's Response to Statewide Agreed-Upon Procedures For the Year Ended December 31, 2017

#### Management's Response to Items:

2. In the future, Healing Place Serve will implement a review of the budget to actual comparisons to the board meetings agenda as applicable.
4. Management has since implemented a control to go back and reconcile prior month bank reconciliations when subsequent corrections are made that affect prior periods. The general ledger will be printed and attached to show that they did reconcile at the time of the original reconciliation.
6. The employee responsible for cash collections is not bonded because we only have one grant with Federal funding that pays through a check. However, Healing Place Serve will look into obtaining a bond for the employee—granted this change will remain cost effective for the organization.
15. Healing Place Serve has implemented the procedure of having another director review and approve the Executive Director's credit card expenditures.
16. Healing Place Serve will work on enhancing record keeping procedures and policies to ensure all itemized receipts are available as supporting documentation.
19. Healing Place Serve has corrected the rate for mileage reimbursement.
22. As of the beginning of fiscal year 2018, Healing Place Serve implemented an approval and recordkeeping process to fully document all salary changes.