

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**MONROE, LOUISIANA**

*Financial Statements*  
*For the Year Ended December 31, 2017*



**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors of  
The Wellspring Alliance for Families, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Wellspring Alliance for Families, Inc. (a non-profit organization), which comprise the statements 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statement.

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 The Wellspring Alliance for Families, Inc., 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of The Wellspring Alliance for Families, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 The Wellspring Alliance for Families, Inc.'s internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 292,231
Grants and Other Receivables	566,307
Promises to give, one year or less	171,546
Prepaid Expenses and Other Assets	27,647
Total Current Assets	<u>1,057,731</u>
Land, Building, and Other Assets	4,056,544
Less: Accumulated Depreciation	(1,636,844)
	<u>2,419,700</u>
<b>Other Assets</b>	
Beneficial Interest in Wellspring Foundation	172,407
Total Other Assets	<u>172,407</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,649,838</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts Payable	\$ 71,686
Accrued Expenses	130,902
Note Payable	-
Accrued Compensated Absences	103,054
Total Current Liabilities	<u>305,642</u>
<b>Unrestricted</b>	
Operations	566,491
Fixed Assets	2,419,700
Beneficial Interest in Wellspring Foundation	172,407
Temporarily Restricted	<u>185,598</u>
Total Net Assets	<u>3,344,196</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 3,649,838</u></b>

The accompanying notes are an integral part of this financial statement.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CHANGES IN UNRESTRICTED NET ASSETS:**

Revenues, Gains, and Other Support	
Contributions	\$ 248,209
In-kind Contributions	27,935
Counseling Fees	218,511
Grants	4,479,728
Interest and Dividend Income	80
Other Income	42,585
Gain (Loss) on Beneficial Interest in Wellspring Foundation	20,625
Net Unrestricted Revenues, Gains, and Other Support	<u>5,037,673</u>
Net Assets Released from Restrictions	<u>198,681</u>
Total Revenue, Gains, and Other Support	5,236,354
Expenses	
Program Services	
Counseling and Family Development	877,407
Domestic Violence	800,744
Family Justice Center	349,277
Outreach, Prevention and Rapid Rehousing	1,359,816
Permanent and Transitional Housing	1,062,937
Big Brothers, Big Sisters	199,838
Total Program Services	<u>4,650,019</u>
Management and General	<u>703,742</u>
Total Expenses	<u>5,353,761</u>
Decrease in Unrestricted Net Assets	(117,407)

**CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:**

Contributions Restricted by Donor	212,671
Net Assets Released from Donor Restrictions	<u>(198,681)</u>
Increase in Temporarily Restricted Net Assets	<u>13,990</u>
<b><u>TOTAL DECREASE IN NET ASSETS</u></b>	<b>(103,417)</b>
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<b><u>3,447,613</u></b>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<b><u>\$ 3,344,196</u></b>

The accompanying notes are an integral part of this financial statement.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	PROGRAM SERVICES							Management & General	Total
	Counseling- Family Development	Domestic Violence	Family Justice Center	Outreach, Prevention and Rapid Rehousing	Permanent and Transitional Housing	Big Brothers, Big Sisters	Total Program Services		
Salaries	532,064	\$ 459,246	\$ 182,271	\$ 395,422	\$ 402,108	135,589	\$ 2,106,700	541,404	\$ 2,648,104
Retirement Expense	17,745	13,610	5,927	14,153	14,384	5,989	71,808	21,467	93,275
Payroll Taxes	54,013	39,389	14,257	32,618	27,559	5,328	173,164	30,958	204,122
Employee Benefits	45,092	37,965	18,644	27,062	30,933	11,791	171,487	28,514	200,001
Total Salaries and Related	648,914	550,210	221,099	469,255	474,984	158,697	2,523,159	622,343	3,145,502
Computer Maintenance & Network	6,638	9,121	3,020	4,020	10,024	937	33,760	14,255	48,015
Direct Aid to Individuals	-	14,662	-	706,660	310,227	-	1,031,549	-	1,031,549
Dues and Memberships	997	1,986	-	417	403	3,240	7,043	8,827	15,870
Fund Raising	-	-	-	-	1,763	13,059	14,822	-	14,822
Groceries and Supplies	7,696	32,274	5,560	10,681	23,336	5,602	85,149	16,798	101,947
Indirect Costs Allocated	16,009	8,154	-	14,730	30,312	-	69,205	(69,205)	-
Insurance	10,184	22,104	12,641	9,667	19,123	1,867	75,586	15,533	91,119
Interest	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	755	21,160	6,020	27,935	-	27,935
Printing, Marketing and Public Relations	730	1,048	-	13,811	10,913	600	27,102	10,668	37,770
Miscellaneous	989	1,086	437	202	895	302	3,911	1,993	5,904
Office Supplies	6,731	2,232	2,175	7,793	17,358	-	36,289	3,153	39,442
Postage and Shipping	805	1,439	75	1,615	10	81	4,025	3,656	7,681
Professional Fees	58,627	4,446	1,656	5,703	56,764	1,500	128,696	16,725	145,421
Rental Expense	51,843	3,399	2,623	57,023	22,560	2,461	139,909	4,819	144,728
Repairs and Maintenance	5,031	39,984	21,979	8,800	9,958	-	85,752	28,128	113,880
Seminars and Training	10,190	-	270	4,065	1,707	400	16,632	318	16,950
Telephone	12,435	12,614	8,635	6,157	13,485	894	54,220	6,218	60,438
Travel	17,742	7,074	2,773	18,665	11,449	1,736	59,439	1,282	60,721
Utilities	6,525	30,291	28,873	6,604	11,893	-	84,186	7,263	91,449
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	15,321	58,620	37,461	13,193	14,613	2,442	141,650	10,968	152,618
<b>TOTAL EXPENSES</b>	<b>\$ 877,407</b>	<b>\$ 800,744</b>	<b>\$ 349,277</b>	<b>\$ 1,359,816</b>	<b>\$ 1,062,937</b>	<b>\$ 199,838</b>	<b>\$ 4,650,019</b>	<b>\$ 703,742</b>	<b>\$ 5,353,761</b>

The accompanying notes are an integral part of this financial statement.

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Decrease in Net Assets	\$ (103,417)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and Amortization	152,618
Unrealized (Gains) Losses on Investments Held at Foundation	(16,421)
(Increase) Decrease in Operating Assets:	
Grants Receivable and Promises to Give	13,596
Prepaid Expenses and Other Assets	(2,784)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(1,532)
Accrued Expenses and Compensated Absences	7,273
Net Cash Provided by Operating Activities	<u>49,333</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Income/Realized Gains on Investments at Foundation	(4,205)
Acquisition of Property and Equipment	<u>(20,185)</u>
Net Cash Used by Investing Activities	(24,390)
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
Net Payment on Note Payable	<u>-</u>
 <b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	 24,943
 <b><u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u></b>	 <u>267,288</u>
 <b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	 <u>\$ 292,231</u>

The accompanying notes are an integral part of this financial statement.

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Summary of Significant Accounting Policies

Organization

The Wellspring Alliance for Families, Inc., formerly known as YWCA of Northeast Louisiana (the Organization), founded in 1931, serves citizens from 15 parishes in Central and Northeast Louisiana with direct services, education and advocacy. The agency mission, to strengthen and value individuals and families through professional services and community leadership with compassion and integrity, provides the direction for services and programs which include counseling, telephone crisis intervention, emergency shelter and housing, and mentoring (Big Brother Big Sisters).

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Receivables

The Organization uses the direct write-off method for bad debts. The results of this method do not materially differ from the allowance method.

Fixed Assets

Fixed assets acquired by The Wellspring Alliance for Families, Inc. are considered to be owned by the Organization. However, federal and state funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Summary of Significant Accounting Policies (continued)

Fixed Assets (Continued)

Purchases of fixed assets and major improvements in excess of \$1,000 are capitalized at cost. The cost of furniture and equipment acquired prior to 1965 is not determinable and, therefore, is not shown. Value for fixed assets donated prior to 1986 is not determinable and, therefore, not shown. As of January 1, 1986, donated assets have been recorded at their fair market value. Depreciation is computed on the straight-line method over the asset's estimated useful life. The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Income Taxes

The Organization is recognized as a nonprofit corporation under the laws of the State of Louisiana and under Internal Revenue Code Section 501(c)(3). It is, therefore, exempt from federal and state corporation income taxes and no provisions are made for those taxes in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for 2017. The earliest income tax year that is subject to examination is 2014.

Financial Statement Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this statement, the Organization does not use fund accounting.

Budget Policy

Budgets for various programs are prepared by the Organization and approved by the grantor of the funds for each respective program as well as the Board of Directors.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - Promises to Give

Promises to give consist of the following:

Louisiana Bar Foundation	\$ 26,000
United Way	138,046
Living Well	7,500
Total Promises to Give	<u>\$ 171,546</u>

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

Periods after December 31, 2017	
United Way of Northeast Louisiana	\$ 133,046
United Way – Other	5,022
Specific Grant Programs	
Louisiana Bar Foundation Grant	38,895
Living Well	7,500
Fife Fund	<u>1,135</u>
Total Temporarily Restricted Assets	<u>\$ 185,598</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Time Restrictions Expired:	
United Way of Northeast Louisiana	\$ 142,154
Purpose Restrictions Fulfilled:	
Louisiana Bar Foundation Grant	39,246
Fife Fund	2,152
Mary Kay	10,566
Living Well	<u>4,563</u>
Total Restriction Released	<u>\$ 198,681</u>

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Note 4 - Beneficial Interest in Wellspring Foundation

During 1999, the Organization received a substantial unrestricted contribution from a donor. The Board voted to set aside \$100,000 to start an endowment fund. Because designations are voluntary and may be reversed by the governing board, these designated assets are not considered restricted and are included in the accompanying statement of financial position as unrestricted net assets. In 2009, the Organization began to fund the endowment by converting a CD with a starting balance of \$42,300 for that purpose. All interest earnings are deposited into the CD. In 2009, the Wellspring also opened a savings account to collect memorials and other miscellaneous contributions which are going toward the endowment. During 2011, the CD was not renewed but instead moved into the savings account. During 2012, these funds that were set aside in the savings account were released and used for other purposes.

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 4 - **Beneficial Interest in Wellspring Foundation (continued)**

Also during 2012, a portion of the stock received from the Bullington Estate in 2010, was transferred to The Wellspring Alliance for Families Foundation totaling \$99,730 to set up the endowment. The Wellspring Alliance for Families Foundation is set up as a 509(a)(3) supporting organization operated exclusively for the benefit of The Wellspring Alliance for Families, Inc. At December 31, 2017, The Wellspring Alliance for Families Foundation investments were valued at \$172,407 which consists of the initial investment of \$99,730 and the unrealized gains of \$51,729 and cumulative dividends of \$20,948. Memorials received by The Wellspring Alliance for Families that are not designated to a particular program will be moved to The Wellspring Alliance for Families Foundation.

Note 5 - **Land, Buildings and Equipment**

Major fund classes of land, building, and equipment consist of the following:

The Wellspring Building and Parking Lot	\$ 569,101
The Wellspring Land	2,500
Holly Street Property and Improvements	796,745
Holly Street/Railroad Street Land	204,552
Holly Street Furniture and Equipment	26,214
The Wellspring Furniture and Equipment	92,712
Shelter House and Improvements	244,391
Shelter House Land	5,000
Transitional Housing Improvements	4,957
Rape Crisis Equipment – VOCA	342
Family Violence Furniture and Equipment	42,998
Family Justice Center	66,111
Rape Crisis Equipment	2,226
Child Abuse – VOCA	4,955
Crisis Lines	4,383
Shelter Annex Building and Improvements	183,709
Shelter Annex Land	12,000
Outreach and Prevention Equipment	41,364
Big Brothers, Big Sisters Equipment	11,320
Rural Housing Furniture and Fixtures	196,824
Family Justice Center Building	1,146,605
Family Justice Center Land	151,657
Riverside Drive – Bld A	166,457
Riverside Drive – Bld A Land	22,014
Counseling Furniture and Equipment	<u>57,407</u>
 Total	 4,056,544
Less: Accumulated Depreciation	<u>(1,636,844)</u>
Net Land, Buildings, and Equipment	<u>\$ 2,419,700</u>

Depreciation expense for the year ended December 31, 2017 totaled \$152,618.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 6 - Compensated Absences

The Organization's personnel policies permit carry forward of sick time. However, employees are not paid for any unused sick time upon termination. Because the payment for accumulated sick time is contingent upon future employee illness, a liability is not recorded. Accrued compensated absences in the amount of \$103,054 are recorded for vested vacation time.

Note 7 - In-Kind Contributions

In-kind contributions for funds receiving government grants consist of time donated by volunteer workers at a rate of ten to twenty-five dollars per hour established by state and federal regulatory agencies providing the grant funds and donated food, clothing, medical facilities, office space, advertising and other items valued at estimated fair market value. The volunteer hours and donated food and clothing are not recorded in the financial statements.

The following in-kind contributions are recorded in the financial statements:

Office Space	\$ 20,860
Television, Radio, Billboards and Newspaper Ads	<u>7,075</u>
Total Recorded In-Kind Contributions	<u>\$ 27,935</u>

Note 8 - Defined Contribution Plan

During 2007, the Organization received notice from the Young Women's Christian Association Fund that, as of January 1, 2008, non-YWCA organizations would no longer be eligible to participate in the Fund. As a result, the Organization established a 401(k) and contributory plan to be effective January 1, 2008. Employees with more than 90 days of service may contribute to the plan on a pre-tax basis. Employer matching contributions are allowed by the plan; however, none were made for 2017. The Organization changed the profit sharing from 6% to 2% beginning in September of 2017. The Organization anticipates a 2% profit sharing contribution during all of 2018. Employees with at least 24 months of service in which they earned 2,000 hours are eligible for the profit sharing contribution. Retirement expense was \$93,275 for 2017.

Note 9 - Commitments and Contingencies

Economic Dependence

The Organization receives a substantial amount of its support from federal and state government grants and from the United Way. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Line of Credit

The Organization has entered into two line of credit agreements with local banks. The two lines of credit have a combined balance available of \$240,000 and can be used for operating expense shortfalls.

No interest was paid during 2017.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10 - Concentrations of Credit Risk

Cash

The Organization maintains its cash balances in one financial institution. At December 31, 2017, the Organization had bank statement balances totaling \$318,351 of which \$250,000 was insured by the Federal Deposit Insurance Corporation.

Note 11 - Receivables

The Organization receives a substantial amount of its support from governmental entities and United Way. At December 31, 2017, account receivables consisted of:

State and Federal Government Funds	<u>\$ 548,396</u>
Promises to Give:	
Living Well	\$ 7,500
Louisiana Bar Association	26,000
United Way of Northeast Louisiana	<u>138,046</u>
Total Promises to Give	<u>\$ 171,546</u>
Miscellaneous Receivables	<u>\$ 17,911</u>

Note 12 - Advertising

Advertising costs are expensed as incurred. During 2017, the Organization expensed \$30,695 as marketing and printing expenses and \$7,075 as in-kind advertising donations.

Note 13 - Leases

The Counseling and Family Development Center lease was signed beginning in May 2014 and runs through May 2017. This lease was renewed for an additional three years through May 2020. During 2016, the Outreach, Prevention and Rapid Rehousing Program was relocated to a new location signing a three year lease running through April 2019. Also, the Organization has leased several apartments for a year each, ranging from \$350 to \$900 per month, for various dates concluding in 2018 along with several other apartments on a month to month basis. The Organization also leases several satellite offices on a month to month basis, and rents various office equipment items under operating leases. Rentals aggregating \$144,728 were charged to expense during 2017.

Minimum future rental payments under non-cancelable operating leases as of December 31, 2017 are as follows:

<u>December 31,</u>	<u>Amount</u>
2018	\$ 147,245
2019	64,400
2020	19,000
2021	<u>-</u>
Total	<u>\$ 230,645</u>

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 14 - Subsequent Events

Subsequent events have been evaluated through June 20, 2018, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Federal CFDA Number	Fiscal Period	Program or Award Amount	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Raise the Roof	14.267	2017	163,083	\$ 163,083
Homeless Management Information System	14.267	2016-2017	74,246	30,018
Homeless Management Information System	14.267	2017-2018	74,246	42,495
Reach Out: The Rural Initiative	14.267	2016-2017	265,653	101,037
Reach Out: The Rural Initiative	14.267	2017-2018	265,653	182,015
Wellspring Permanent Housing Project	14.267	2016-2017	51,672	44,803
Wellspring Permanent Housing Project	14.267	2017-2018	51,672	6,977
Permanent Supportive Housing II	14.267	2016-2017	105,667	99,032
Permanent Supportive Housing II	14.267	2017-2018	105,667	6,308
Help and Home	14.267	2016-2017	87,928	75,441
Help and Home	14.267	2017-2018	87,928	12,983
Permanent Supportive Housing	14.267	2016-2017	107,656	24,603
Permanent Supportive Housing	14.267	2017-2018	107,656	79,502
Regional Rapid Rehousing	14.267	2016-2017	140,228	113,871
Regional Rapid Rehousing	14.267	2017-2018	140,228	<u>21,748</u>
				1,003,916 *
<b>Through City of Monroe, LA</b>				
HUD Emergency Solutions Grants Program	14.231	2015-2017	85,000	56,141
<b><u>U.S. Department of Justice</u></b>				
Violence Against Women Transitional Housing	16.736	2014-2018	352,416	91,255
Wellspring Legal Assistance Program	16.524	2015-2018	600,000	179,580
Wellspring SAFER MultiDisciplinary Hight Risk Team Program	16.589	2016-2019	416,143	132,731
Family Visitation Center	16.021	2015-2018	500,000	152,389
<b>Through Louisiana Commission on Law Enforcement</b>				
Sexual Assault Services Program 3597	16.017	2017	37,397	37,397
Victims Assistance Program 2 - 2864	16.575	2016-2017	795,340	290,123
Victims Assistance Program 2 - 3714	16.575	2017-2018	717,700	181,111
Victim Assistance Program (SAFER) 8 - 2938	16.575	2016-2017	148,411	54,901
Domestic Violence Program 3 - 2880	16.575	2016-2017	112,204	49,874
Domestic Violence Program 3 - 3751	16.575	2017-2018	112,204	<u>23,016</u>
				599,025
Domestic Violence Program - 3605	16.588	2017	17,417	17,417
Sexual Assault Services Program - 3601	16.588	2017	26,803	<u>26,803</u>
				44,220
<b>Through Ouachita Parish Police Jury</b>				
Arrest Grant	16.590	2014-2018	299,999	95,755

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)**

	<u>Federal CFDA Number</u>	<u>Fiscal Period</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Through Louisiana Department of Education				
Child and Adult Care Food Program	10.558	2016-2017	27,412	3,312
Child and Adult Care Food Program	10.558	2016-2017	28,517	<u>4,900</u>
				8,212
<u>Louisiana Department of Health &amp; Hospitals</u>				
Through Louisiana Foundation Against Sexual Assault				
Rape Crisis Program	93.991	2016-2017	30,107	17,262
Rape Crisis Program	93.991	2017-2018	19,598	<u>14,694</u>
				31,956
Through Office of Behavioral Health				
Northeast Delta Human Services Authority	93.958	2016-2017	37,879	17,306
Northeast Delta Human Services Authority	93.958	2017-2018	37,879	13,602
Northeast Delta Human Services Authority	93.958	2017-2018	18,000	<u>8,443</u>
				39,351
<u>Louisiana Department of Children and Family Services</u>				
Family Violence Prevention & Services	93.671	2016-2017	625,041	338,164
Family Violence Prevention & Services	93.671	2017-2018	625,041	<u>270,442</u>
				608,606
Temporary Assistance to Needy Families	93.558	2016-2017	181,406	132,794
Temporary Assistance to Needy Families	93.558	2017-2018	241,875	<u>151,966</u>
				284,760
Through Tulane University				
Child Care and Development Block Grant	93.575	2016-2018	630,733	139,838
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Program	97.024	2017	27,000	27,000
Emergency Food and Shelter Program	97.024	2017	24,282	<u>24,075</u>
				51,075
<u>U.S. Department of Veterans Affairs</u>				
Supportive Services for Veteran Families	64.033	2016-2017	709,713	533,679
Supportive Services for Veteran Families	64.033	2017-2018	709,713	<u>249,312</u>
				782,991
Total Federal Expenditures				<u><u>\$ 4,339,198</u></u>

\* Denotes major programs.

See accompanying notes to schedule of expenditures of federal awards.

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of The Wellspring Alliance for Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Federal Indirect Cost Rate

The Wellspring Alliance for Families, Inc. did not elect to use the 10% de minimis federal indirect cost rate for the year ended December 31, 2017.

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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**

Board of Directors of  
The Wellspring Alliance for Families, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Wellspring Alliance for Families, Inc. (a nonprofit organization) which comprise the statements 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, and have issued our report thereon dated June 20, 2018.

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

In planning and performing our audit of the financial statements, we considered The Wellspring Alliance for Families, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Wellspring Alliance for Families, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'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 significant deficiencies or material weaknesses. 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 The Wellspring Alliance for Families, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under the *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 Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'s internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

*Cameron Hines & Company (APAC)*

West Monroe, Louisiana  
June 20, 2018

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

Board of Directors of  
The Wellspring Alliance for Families, Inc.

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

We have audited The Wellspring Alliance for Families, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Wellspring Alliance for Families, Inc.'s major federal programs for the year ended December 31, 2017. The Wellspring Alliance for Families Inc.'s major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

Our responsibility is to express an opinion on compliance for each of The Wellspring Alliance for Families Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audits 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 Wellspring Alliance for Families Inc.'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 on The Wellspring Alliance for Families Inc.'s compliance.

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

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 the 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 significant deficiencies or material weaknesses. 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.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 20, 2018

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expressed an unmodified opinion on the financial statements of The Wellspring Alliance for Families, Inc (Wellspring).
2. No significant deficiencies were disclosed during the audit of the financial statements to be reported in the Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards* and Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With the Uniform Guidance.
3. No instances of noncompliance material to the financial statements of The Wellspring Alliance for Families, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs in the Report On Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program And On Internal Control Over Compliance In Accordance With Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditors' report on compliance for the major federal award programs for The Wellspring Alliance for Families, Inc., expressed an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Wellspring.
7. The program tested as a major program included the Department of Housing and Urban Development under CFDA No. 14.267.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Wellspring does qualify to be a low-risk auditee.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued)

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**U.S. Department of Housing and Urban Development**

CFDA No. 14.267; Program Period - 4/1/16-11/30/18.

There were no findings that relate to the major federal program.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**THE WELLSPRING ALLIANCE FOR FAMILIES, INC.**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

There were no findings in the prior year audit report dated June 22, 2017.

**THE WELLSRING ALLIANCE FOR FAMILIES, INC.**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**DECEMBER 31, 2017**

Agency Head -  
 Caroline Cascio

Salary and Expense Account	\$ 87,140
Per Diem Allowance	-
Benefits - Insurance	2,772
Benefits - Retirement	4,229
Vehicle provided by government	-
Travel	-
Registration Fees	-
Conference Travel	-
Continuing professional education fees	<u>371</u>
	<u>\$ 94,512</u>

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

To the Wellspring Alliance and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Wellspring Alliance (Wellspring) 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, 2017 through December 31, 2017. The Wellspring's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

---

1. Obtain the Wellspring'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 Wellspring 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 Wellspring'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:** No exceptions noted.

***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 Wellspring's prior audit (GAAP-basis).
    - 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.
  - 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.

**Findings:** No exceptions noted.

### ***Bank Reconciliations***

---

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

**Findings:** We obtained the listing and management's representation.

4. Using the listing provided by management, select all of the Wellspring'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:** No exceptions noted.

### ***Collections***

---

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

**Findings:** We obtained the listing and management's representation.

6. Using the listing provided by management, select all of the Wellspring'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 Wellspring 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 Wellspring's 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:** No exceptions noted.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Wellspring has a process specifically defined (identified as such by the Wellspring) 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:** No exceptions noted.

***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 obtained the general ledger and management's representation.

- 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 Wellspring 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:** No exceptions noted.

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 Wellspring's purchasing/disbursement system.

**Findings:** No exceptions noted.

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:** No exceptions noted.

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:** No exceptions noted.

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:** No signature stamp or signature machine is used by the Wellspring. This step is not applicable.

#### ***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 the listing and management's representation.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Wellspring 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:** No exceptions noted.

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:
  - 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 Wellspring'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 Wellspring'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:** No exceptions noted.

## ***Travel and Expense 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 obtained the general ledger and the Wellspring's travel and related expense reimbursements. We obtained management's representation.

18. Obtain the Wellspring'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:** No exceptions noted.

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 Wellspring 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 Wellspring'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:** No exceptions noted.

### ***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:** We obtained the general ledger and sorted and filtered to locate any contracts in effect during the fiscal period. We obtained management's representation.

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 Wellspring 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 Wellspring 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:** No exceptions noted.

## ***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:** No exceptions noted.

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 Wellspring 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 Wellspring maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Findings:** No exceptions noted.

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:** No exceptions noted.

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:** No exceptions noted.

***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 Wellspring maintained documentation to demonstrate that required ethics training was completed.

**Findings:** Wellspring is a nonprofit. This step is not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Wellspring 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 Wellspring’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Findings:** Wellspring is a nonprofit. This step is not applicable.

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

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

**Findings:** Wellspring is a nonprofit. This step is not applicable.

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

**Findings:** Wellspring is a nonprofit. This step is not applicable.

29. If the Wellspring 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:** Wellspring is a nonprofit. This step is not applicable.

***Other***

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

**Findings:** We noted that there were no misappropriations of public funds or assets reported to the Wellspring.

32. Observe and report whether the Wellspring 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.

**Findings:** No exceptions noted.

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:** We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

### ***Management's Response***

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No exceptions were noted in any of the applicable testing. A management's response is not required.

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.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 20, 2018