

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION
Annual Financial Report
WEST MONROE, LOUISIANA
DECEMBER 31, 2017 AND 2016

GREATER OUACHITA COALITION

PROVIDING AIDS RESOURCES AND EDUCATION

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-12

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	14
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head	15

OTHER REPORTS

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 <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance	18-19
Schedule of Findings and Questioned Costs	20
Schedule of Prior Audit Findings	21

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 18, 2018

Board of Directors
Greater Ouachita Coalition
Providing AIDS Resources and Education

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Ouachita Coalition Providing AIDS Resources and Education (GO CARE), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GO CARE as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years 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 opinions on the financial statements as a whole. The accompanying supplementary information consisting of the schedule of compensation, reimbursements, benefits and other payments to agency head on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 audits 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 18, 2018, on our consideration of GO CARE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GO CARE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GO CARE's internal control over financial reporting and compliance.

Monroe, Louisiana

Heard, McElroy & Vestal, LLC

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

<u>A S S E T S</u>	<u>2017</u>	<u>2016</u>
<u>Current assets:</u>		
Cash and cash equivalents	266,042	693,982
Investments	437,311	-
Grants receivable	47,428	93,957
340B receivable	134,801	114,401
Medical services accounts receivable, net	20,481	21,277
Due from related party	<u>539</u>	<u>11,707</u>
Total current assets	<u>906,602</u>	<u>935,324</u>
 Total assets	 <u>906,602</u>	 <u>935,324</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable	125,384	77,375
Accrued expenses	<u>18,027</u>	<u>11,200</u>
Total current liabilities	143,411	88,575
 <u>Net assets:</u>		
Unrestricted	 <u>763,191</u>	 <u>846,749</u>
 Total liabilities and net assets	 <u>906,602</u>	 <u>935,324</u>

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

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Support and revenue:</u>		
Federal grant funding	816,749	952,172
Nongovernmental grant	10,000	10,000
Contributions	10,768	6,100
Rental income	2,800	4,200
340B revenue	1,164,980	1,299,042
Medical service income, net	159,664	128,627
Special event revenue	8,186	-
Investment return:		
Interest, dividends and capital gain distributions	8,528	-
Unrealized change in market value of securities	28,783	-
Other	<u>5,405</u>	<u>6,113</u>
Total support and revenue	2,215,863	2,406,254
<u>Expenses:</u>		
Program services	1,704,307	1,964,057
Supporting services	<u>595,114</u>	<u>469,179</u>
Total expenses	2,299,421	2,433,236
<u>Change in net assets</u>	(83,558)	(26,982)
<u>Net assets-unrestricted at beginning of year</u>	<u>846,749</u>	<u>873,731</u>
<u>Net assets-unrestricted at end of year</u>	<u><u>763,191</u></u>	<u><u>846,749</u></u>

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

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>				<u>Medical Clinic & 340B</u>
	<u>Part C Ryan White</u>	<u>Part B Ryan White</u>			
	<u>Medical Services</u>	<u>TBRA</u>	<u>STRUMA</u>		
Bank charges	-	-	-	-	-
Advertising	-	-	-	-	-
Continuing education	-	-	-	-	-
Cleaning	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office expense	-	-	-	-	-
Professional fees	-	-	-	-	-
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	-	-	-	-	-
Direct assistance:					
Health support	72,836	-	-	-	1,281
HIV Clinic	45,418	-	-	-	-
Housing	-	-	34,205	6,888	-
Medicine	-	-	-	-	674,690
Transportation	-	38,707	-	-	5,793
Utilities	-	-	135	1,379	-
Other	-	50	-	-	-
Medical expense	70	-	-	-	47,131
Educational materials	-	-	-	-	-
Equipment rental	-	-	-	-	-
Equipment repairs	-	-	-	-	-
Insurance	-	-	-	-	-
Health insurance	12,931	23,522	-	-	-
Workman's compensation	-	-	-	-	-
Rent	-	-	-	-	-
Contract labor	46,817	-	-	-	96,964
Salaries and wages	321,179	65,792	-	-	-
Retirement	6,362	1,962	-	-	-
Payroll taxes	24,467	4,907	-	-	-
Travel	-	1,033	-	-	-
Training	-	-	-	-	-
Special event	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses, year ended December 31, 2017	<u>530,010</u>	<u>135,973</u>	<u>34,340</u>	<u>8,267</u>	<u>825,859</u>

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

<u>Program Services</u>				<u>Supporting Services</u>	<u>Totals</u>
<u>Prevention and Wellness</u>		<u>Broadway</u>			
<u>OPH</u>	<u>GMWC</u>	<u>Cares</u>	<u>Total</u>	<u>Local</u>	<u>2017</u>
-	-	-	-	218	218
-	99	-	99	3,764	3,863
-	-	-	-	750	750
-	-	-	-	6,925	6,925
-	873	-	873	18,607	19,480
-	89	-	89	28,982	29,071
-	3,300	-	3,300	36,389	39,689
-	-	-	-	2,793	2,793
-	-	-	-	18,156	18,156
-	-	-	-	11,336	11,336
-	-	-	74,117	-	74,117
-	-	-	45,348	-	45,348
-	-	672	41,765	-	41,765
-	19,100	-	693,790	-	693,790
-	-	-	44,500	-	44,500
-	-	232	1,746	189	1,935
5,658	22,123	200	28,031	65	28,096
-	17	-	47,218	-	47,218
12,602	-	-	12,602	-	12,602
-	-	-	-	7,229	7,229
-	-	-	-	2,136	2,136
-	-	-	-	23,576	23,576
-	6,797	-	43,250	16,019	59,269
-	-	-	-	6,828	6,828
-	-	-	-	59,868	59,868
-	14,261	-	158,042	1,100	159,142
-	68,987	-	455,958	287,625	743,583
-	2,085	-	10,409	6,735	17,144
-	4,988	-	34,362	25,248	59,610
2,261	2,285	-	5,579	14,297	19,876
-	-	-	-	2,373	2,373
-	3,229	-	3,229	13,906	17,135
<u>20,521</u>	<u>148,233</u>	<u>1,104</u>	<u>1,704,307</u>	<u>595,114</u>	<u>2,299,421</u>

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>				<u>Medical Clinic & 340B</u>
	<u>Part C Ryan White</u>	<u>Part B Ryan White</u>			
	<u>Medical Services</u>	<u>TBRA</u>	<u>STRUMU</u>		
Bank charges	-	-	-	-	-
Advertising	-	-	-	-	-
Continuing education	300	-	-	-	-
Cleaning	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office expense	-	-	-	-	-
Professional fees	2,571	-	-	-	9,145
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	-	-	-	-	-
Direct assistance:					
Health support	77,357	-	-	-	5,547
HIV Clinic	132,702	-	-	-	-
Housing	-	-	33,995	6,038	-
Medicine	-	-	-	-	748,719
Transportation	-	98,469	-	-	6,938
Utilities	-	-	600	1,427	-
Other	-	50	-	-	89
Medical expense	-	-	-	-	52,744
Educational materials	-	-	-	-	-
Equipment rental	-	-	-	-	-
Equipment repairs	-	-	-	-	-
Insurance	-	-	-	-	-
Health insurance	11,915	24,850	-	-	-
Workman's compensation	1,666	2,104	-	-	-
Rent	1,810	-	-	-	-
Contract labor	34,413	-	-	-	133,012
Salaries and wages	296,465	80,153	-	-	-
Retirement	6,434	2,184	-	-	-
Payroll taxes	23,913	6,597	-	-	-
Travel	9,808	3,279	-	-	-
Special event	-	-	-	-	-
Total expenses, year ended December 31, 2016	<u>599,054</u>	<u>217,986</u>	<u>34,595</u>	<u>7,465</u>	<u>956,194</u>

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

<u>Program Services</u>				<u>Supporting Services</u>	<u>Totals</u>
<u>Prevention and Wellness</u>		<u>Broadway</u>			
<u>OPH</u>	<u>GMWC</u>	<u>Cares</u>	<u>Total</u>	<u>Local</u>	<u>2016</u>
-	-	-	-	280	280
-	-	-	-	2,795	2,795
-	-	-	300	-	300
-	210	-	-	6,900	6,900
-	-	-	210	15,845	16,055
-	-	139	139	29,044	29,183
-	3,300	-	15,016	34,025	49,041
-	-	-	-	2,985	2,985
-	-	-	-	17,656	17,656
-	-	-	-	10,057	10,057
-	-	-	82,904	-	82,904
-	-	-	132,702	-	132,702
-	-	1,226	41,259	55	41,314
-	-	-	748,719	-	748,719
-	-	-	105,407	-	105,407
-	-	143	2,170	-	2,170
9,319	21,752	-	31,210	1,065	32,275
-	5,049	-	57,793	-	57,793
12,321	-	-	12,321	-	12,321
-	-	-	-	6,984	6,984
-	-	-	-	1,103	1,103
-	-	-	-	22,431	22,431
820	5,139	-	42,724	19,524	62,248
-	505	-	4,275	1,297	5,572
1,231	1,231	-	4,272	55,675	59,947
-	14,433	-	181,858	1,201	183,059
751	59,732	-	437,101	210,226	647,327
-	1,194	-	9,812	4,806	14,618
57	4,772	-	35,339	18,532	53,871
2,762	-	-	15,849	4,459	20,308
-	2,677	-	2,677	2,234	4,911
<u>27,261</u>	<u>119,994</u>	<u>1,508</u>	<u>1,964,057</u>	<u>469,179</u>	<u>2,433,236</u>

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities:</u>		
Changes in net assets	(83,558)	(26,982)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Unrealized (gain) on investments	(28,783)	-
<i>(Increase) decrease in:</i>		
Grants receivable	46,529	(15,803)
340B receivable	(20,400)	68,043
Medical services accounts receivable, net	796	(15,479)
Prepaid expenses	-	1,813
Due from related party	11,168	6,679
<i>Increase (decrease) in:</i>		
Accounts payable	48,009	41,800
Deferred liability – 340B program	-	(7,798)
Accrued expenses	<u>6,827</u>	<u>(131)</u>
Net cash provided (used) by operating activities	(19,412)	52,142
<u>Cash flows from investing activities:</u>		
Purchase of investments	<u>(408,528)</u>	<u>-</u>
Net cash (used) by investing activities	<u>(408,528)</u>	<u>-</u>
<u>Cash and cash equivalents, beginning of year</u>	<u>693,982</u>	<u>641,840</u>
<u>Cash and cash equivalents, end of year</u>	<u><u>266,042</u></u>	<u><u>693,982</u></u>

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

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

1. **Description of Organization**

The purpose of the Greater Ouachita Coalition Providing AIDS Resources and Education (GO CARE) is to provide educational and direct services in order to stop the spread of HIV disease and assist HIV-infected individuals and their families.

2. **Summary of Significant Accounting Policies**

The accounting policies of GO CARE conform to generally accepted accounting principles as applicable to not-for-profit organizations. The more significant accounting policies of GO CARE are described below:

Use of Estimates

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

Basis of Presentation

The financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables and payables.

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. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. At December 31, 2017 and 2016, GO CARE had no temporarily or permanently restricted net assets.

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Programs

GO CARE's principal programs and primary funding sources are:

Ryan White Part B HIV Care Grant Program

Supportive Services

The purpose of this program is to develop or enhance access to a comprehensive continuum of high quality HIV care and treatment for low-income people living with HIV, with the goals of reducing HIV incidence, increasing access to care and optimizing health outcomes, and reducing HIV-related health disparities. Funding for this program is through the Louisiana Office of Public Health STD/HIV Program.

2. Summary of Significant Accounting Policies (Continued)

Programs – Continued

Ryan White Part B HIV Care Grant Program – Continued

Housing Opportunities for Persons with AIDS

The purpose of this program is to provide transitional housing opportunities for low-income persons living with HIV disease in order to prevent homelessness. Funding for this program is through the Louisiana Office of Public Health STD/HIV Program.

HIV Prevention and Wellness Activities

The purposes of this program is to provide HIV testing, counseling and prevention materials within Region VIII and to provide expanded STD screening to gay, bisexual and transsexual men and community building within that population. Funding for this program is through the Louisiana Office of Public Health STD/HIV Program.

Ryan White Part C HIV Care Grant Program

The purpose of this program is to support outpatient HIV early intervention services and ambulatory care for uninsured/underinsured individuals through Early Intervention Services (EIS). This program allows grant recipients to enhance response to the HIV epidemic in their area through the provision of comprehensive primary HIV medical care and support services. Funding for this program is through the U.S. Department of Health and Human Services, Health Resources and Services Administration.

340B Medication Program

GO CARE entered into a new agreement commencing June 1, 2015 with Reliant Healthcare to stock prescription medications for the purpose of distribution to GO CARE clientele. GO CARE purchases the medications from Morris and Dickson and Reliant holds and distributes them upon receipt of a valid doctor's prescription. The agreement allows GO CARE to receive reimbursement for the cost of the medication sold as well as 70% of the gross profit from the sale.

GO CARE also maintains a medical clinic staffed by licensed medical personnel offering comprehensive health care services to persons with HIV including medical assessment and on-going care, mental health services and HIV counseling and testing.

Cash and Cash Equivalents

GO CARE considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Marketable Securities

Investments in marketable securities and certificates of deposit with readily determinable fair values are reported at approximate fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains and losses on the sale of securities are determined using the specific identification method.

Medical Services Accounts Receivable

GO CARE grants credit without collateral to its patients, most of whom are local residents insured under third-party payer agreements. Receivables are stated at the full value of charges net of allowances provided for the estimated uncollectible accounts and for third-party contractual adjustments. GO CARE does not charge interest on past due accounts. Contractual adjustments are recorded on an estimated basis in the period the related services are rendered. Net medical services income is adjusted as required in subsequent periods based on final third-party payments.

2. **Summary of Significant Accounting Policies** (Continued)

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Economic Dependency

GO CARE receives over 37% of its support through federal government grant funding and another 53% from its 340B Drug Program. The continued yearly renewal of these grants and continuation of the 340B drug program are vital to the continuation of the entity.

Compensated Absences

Employees of GO CARE are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. GO CARE does not accumulate vacation or sick time. The estimate of the amount of compensation for future absences is immaterial and, accordingly, no liability has been recorded in the accompanying financial statements. GO CARE's policy is to recognize the costs of compensated absences when paid to employees.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$3,863 and \$2,795 for the years ended December 31, 2017 and 2016, respectively.

3. **Investments**

Investments are four publicly traded mutual funds, which consist of two stock market index funds and two bond market index funds. These investments are carried at fair value based on quoted prices in active markets on a trade-date basis and summarized as follows:

	<u>As of December 31, 2017</u>			<u>As of December 31, 2016</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds	<u>408,528</u>	<u>437,311</u>	<u>28,783</u>	<u>-</u>	<u>-</u>	<u>-</u>

The primary investment objectives are liquidity and preservation of principal, while also earning a competitive market rate of return.

The investment return and its classification can be found in the statements of activities.

4. **Fair Value Measurements**

The fair values of assets measured on a recurring basis as of December 31, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
December 31, 2017		
Marketable securities	<u>437,311</u>	<u>437,311</u>
Total	<u>437,311</u>	<u>437,311</u>

4. Fair Value Measurements (Continued)

GO CARE has adopted Financial Accounting Standards Board *Accounting Standards Codification* (ASC) 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Other inputs that are directly or indirectly observable in the marketplace.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the valuation methods.

- Mutual funds are valued at the regular trading session closing price on the exchange or market in which such funds are principally traded, using the market approach.

5. Financial Instruments

Concentrations of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

Collateralization Policy

GO CARE does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

6. Income Taxes

GO CARE is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code but must file an annual return with the Internal Revenue Service that contains information on its financial operations. GO CARE is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, GO CARE must assess whether it has any tax positions associated with unrelated business income subject to income tax. GO CARE does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in GO CARE's accounting records.

GO CARE is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2013 and beyond remain subject to examination by the Internal Revenue Service.

7. **Lease Expense**

GO CARE is obligated under a lease agreement for the building in which it operates, which is subject to automatic renewal and the monthly payment is \$4,989. The lease was amended effective May 2015 to add additional office space and to extend the lease term to May 2017, subsequently renewed until May, 2020. The rental expense was \$59,868 and \$59,868 for the years ended December 31, 2017 and 2016, respectively.

Beginning June 1, 2018, a new lease agreement was signed following the completion of improvements to additional space for expanded clinic operations. The new monthly lease of \$7,746 is effective for the initial term of June 1, 2018 – May 31, 2023.

GO CARE leases two copy machines under operating leases expiring in 2020. The rental expense under these leases was \$936 and \$936 for the years ended December 31, 2017 and 2016, respectively.

Future minimum rental commitments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2018	77,346
2019	93,888
2020	93,342
2021	92,952
2022	92,952
Later years	<u>38,730</u>
	<u>489,210</u>

8. **Retirement Plan**

GO CARE has adopted a SIMPLE-IRA Plan for eligible employees. Currently eligible employees are those who are expected to receive at least \$5,000 in compensation in the current year. GO CARE matches employee contributions up to 3% of employee compensation. Employer contributions for the years ending December 31, 2017 and 2016 were \$17,144 and \$14,618, respectively.

9. **Related Party Transactions**

GO CARE shares a building and staff with Bayou Care Housing, as well as having the same board of directors. GO CARE received \$2,800 and \$4,200 for Bayou Care Housing's share of rent in 2017 and 2016. Bayou Care owed GO CARE \$539 and \$11,707 for net funds advanced at December 31, 2017 and 2016, respectively.

10. **Subsequent Events**

Subsequent events have been evaluated through June 18, 2018, which is the day the financial statements were available to be issued. No subsequent events requiring disclosure were noted.

SUPPLEMENTARY INFORMATION

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grants/Pass Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
<u>Department of Health and Human Services</u>		
Office of Public Health		
HIV Care Formula Grants	93.917	178,580
Office of Public Health		
HIV Prevention Activities – Health		
Department Based	93.940	20,521
Wellness Center Project	93.940	<u>148,233</u>
Total Pass Through Awards		347,334
<u>Department of Health and Human Services</u>		
Ryan White Part C Outpatient EIS Program	93.918	<u>530,010</u>
Total		<u><u>877,344</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Greater Ouachita Coalition Providing AIDS Resources and Education under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Greater Ouachita Coalition Providing AIDS Resources and Education, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Greater Ouachita Coalition Providing AIDS Resources and Education.

2. Summary of Significant Accounting Policies

a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b) Greater Ouachita Coalition Providing AIDS Resources and Education has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Greater Ouachita Coalition Providing AIDS Resources and Education did not expend any federal awards in the form of noncash assistance during the fiscal year. No federal awards were passed through to subrecipients.

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS

AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head: Mark Windham

Salary and expense account	69,255
Per diem allowance	-
Benefits-insurance	-
Benefits-retirement	2,078
Vehicle provided by Organization	-
Travel	77
Registration fees	-
Conference travel	2,559

OTHER REPORTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 18, 2018

Board of Directors
Greater Ouachita Coalition
Providing AIDS Resources and Education

**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***

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 Greater Ouachita Coalition Providing AIDS Resources and Education (GO CARE), 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, and have issued our report thereon dated June 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GO CARE'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 GO CARE's internal control. Accordingly, we do not express an opinion on the effectiveness of GO CARE'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 GO CARE'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 over financial reporting 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether GO CARE'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 GO CARE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GO CARE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monroe Louisiana

Heard, McElroy & Vestal, LLC

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 18, 2018

The Board of Directors
Greater Ouachita Coalition Providing AIDS Resources and Education

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the Greater Ouachita Coalition Providing AIDS Resources and Education'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 Greater Ouachita Coalition Providing AIDS Resources and Education's major federal programs for the year ended December 31, 2017. Greater Ouachita Coalition Providing AIDS Resources and Education'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 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 Greater Ouachita Coalition Providing AIDS Resources and Education'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 Greater Ouachita Coalition Providing AIDS Resources and Education'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 Greater Ouachita Coalition Providing AIDS Resources and Education's compliance.

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Opinion on Each Major Federal Program

In our opinion, Greater Ouachita Coalition Providing AIDS Resources and Education 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

Management of Greater Ouachita Coalition Providing AIDS Resources and Education 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 Greater Ouachita Coalition Providing AIDS Resources and Education'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 Greater Ouachita Coalition Providing AIDS Resources and Education'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.

Monroe, Louisiana

Heard, McElroy & Vestal, LLC

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

A. Summary of Audit Results

1. The auditors' report expressed an unmodified opinion on the financial statements of the Greater Ouachita Coalition Providing AIDS Resources and Education (GO CARE).
2. No material weaknesses or significant deficiencies in internal control, relating to the audit of the financial statements are reported.
3. No instances of noncompliance were disclosed during the audit.
4. No material weaknesses in internal control over compliance, relating to the audit of a major federal award program, are reported.
5. The auditor's report on compliance for the major federal award programs for GO CARE expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs for GO CARE.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Ryan White Part C Outpatient EIS Program	93.918

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. GO CARE was determined not to be a low-risk auditee.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

GREATER OUACHITA COALITION
PROVIDING AIDS RESOURCES AND EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2017

Findings – Financial Statement Audit

2016-01 – Preparation of Forms 1099

Resolved in current year.

GREATER OUACHITA COALITION PROVIDING AIDS RESOURCES AND EDUCATION

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

FOR THE YEAR ENDED DECEMBER 31, 2017

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

Board of Directors
Greater Ouachita Coalition Providing AIDS
Resources and Education
1801 North 7th Street
Monroe LA, 71291

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of by Greater Ouachita Coalition Providing AIDS Resources and Education, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Greater Ouachita Coalition Providing AIDS Resources and Education (GoCare) 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 Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The findings obtained are described in the attachment to this report.

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.

Monroe, Louisiana
June 18, 2018

Heard, McElroy & Vestal, LLC

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

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

Greater Ouachita Coalition Providing AIDS Research and Education
Agreed-Upon Procedures and Findings
Year Ended Dec 31, 2017

Written Policies and Procedures

Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including 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

Findings

The entity's contracting policy does not address the monitoring process.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Board (or Finance Committee, if applicable)

Procedures

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

The board met six times in accordance with their policy. The January and April meetings did not meet with a quorum.

The minutes of the board meetings did not mention budget to actual budgetary information.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Bank Reconciliations

Procedures

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). 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

Management provided a listing of three bank accounts. HMV traced them to the general ledger for completeness. Management represented that the listing was complete.

The reconciliations are reviewed by an independent third party, Crossmark Management Group. Crossmark acts as the CFO.

HMV discussed the outstanding check policy with client. Efforts are made to contact payee, void, or reissue outstanding checks.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Collections

Procedures

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). 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.
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

Management indicated there was only one collection location.

HMV reviewed policies and procedures noting segregation of duties to the fullest extent possible with the available staff. Management indicated that management personnel are bonded, but the receptionist that opens the mail was not.

The receptionist enters cash/checks in the cash receipts journal when received. The cash receipts journal is reconciled with the general ledger by the Accounting Manager, who is not associated with the collection of cash. Cash/check collections are fully supported by documentation.

The number of days from collection to deposit exceeded one day in the week tested. The entity makes weekly deposits.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

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

Procedures

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.
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.

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.
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.
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.
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

Management provided a listing of disbursements for the year ending December 31, 2017, asserting that the listing was complete.

The Accounting Manager has the ability to add vendors to the system as well as the authority to process payments.

Purchase orders were not used to initiate all disbursements selected. Three selections did not have Purchase Orders. Policy only states that approval is needed.

CEO can initiate and approve purchases; however, checks over \$1,000 must have two signatures.

The Accounting manager can process payments and add vendors.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

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

Procedures

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.

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.
16. 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.
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
17. 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 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

Management provided 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 and represented that the listing is complete.

One of the original receipts was missing. Client said charge was for Google ads, a monthly charge where there is no invoice. The card is charged and no receipt is given.

Credit card purchases were approved verbally. New policy implemented in January, 2018 uses purchase orders and purchase requisitions; additionally, a Purchasing Agent was appointed. HMTV found instances where the approval of the purchase was by the purchase initiator. CEO can make purchases and has approval authority.

No late charges were paid on the selected statements.

No meal charges were selected for testing.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Travel and Expense Reimbursement

Procedures

18. 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.
19. 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) and report any amounts that exceed GSA rates.
20. 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

Management provided the general ledger detail for travel and reimbursement expenses and represented that the list is complete.

Reimbursements were paid in accordance with policy.

One travel expense selected for testing was missing a receipt for parking.

None of the travel expenses selected for testing purpose was documented.

Except as otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Contracts

Procedures

21. 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.
22. 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

Management provided a list of Contracts. H MV viewed general ledger detail to make selections. Management represented that the list is complete.

We reviewed documentation noting that the majority of the contracts were personal services contracts – obtaining additional quotes not applicable.

No contract selected was amended and the contracts selected did not require Board Approval.

No exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

- 23. 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.

- 24. 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.

- 25. 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.

26. 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

Management provided a listing of active employees and terminated employees with their related compensation and represented that the listing is complete.

All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.

Compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure and pay rate or salary changes were approved in writing and in accordance with written policy.

No exceptions were identified in the performance of the procedures listed above.

Other

27. 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.
28. 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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
29. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings

Client does not have the Fraud Hotline posted on the entity's website.

Management's Response

Management will look at procedures that are currently in place that do not meet the LLA's requirements to determine the changes necessary for compliance in future periods.