

*Central Louisiana Economic
Development Alliance*

Alexandria, Louisiana

December 31, 2019

Central Louisiana Economic Development Alliance

December 31, 2019

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report.....		1-2
Financial Statements		
Statement of Financial Position.....	A	3
Statement of Activities.....	B	4
Statement of Functional Expenses.....	C	5
Statement of Cash Flows.....	D	6
Notes to Financial Statements.....		7-11
	<u>Schedule</u>	
Supplementary Information.....		12
Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer.....	1	13
Other Report Required by <i>Government Auditing Standards</i>		14
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>		15-16
Schedule of Findings and Responses.....		17



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Directors of
Central Louisiana Economic Development Alliance

Report on the Financial Statements

We have audited the accompanying financial statements of Central Louisiana Economic Development Alliance (CLEDA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLEDA as of December 31, 2019, 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 schedule of compensation, benefits, and other payments to the chief executive officer (Schedule 1) 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 August 10, 2020 on our consideration of CLEDA'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 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 CLEDA'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 CLEDA's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP
Certified Public Accountants
Alexandria, Louisiana

August 10, 2020

Central Louisiana Economic Development Alliance
Statement of Financial Position
December 31, 2019

Exhibit A

Assets	
Current Assets	
Cash	\$ 114,917
Contributions and grants receivable	660,721
Prepaid expenses	6,417
Total Current Assets	<u>782,055</u>
Property and Equipment - Net	<u>587,275</u>
Total Assets	<u><u>\$ 1,369,330</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 45,480
Other current liabilities	4,202
Line of credit	245,670
Total Current Liabilities	<u>295,352</u>
Net Assets	
Without donor restrictions	<u>1,073,978</u>
Total Liabilities and Net Assets	<u><u>\$ 1,369,330</u></u>

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

**Central Louisiana Economic Development Alliance
Statement of Activities
Year Ended December 31, 2019**

Exhibit B

	Without Donor Restrictions
Revenues and Other Support	
Government grants	\$ 638,469
Contributions and other grants	1,200,521
Interest income	8,266
Total Revenues and Other Support	<u>1,847,256</u>
Expenses	
Program Services	
Major Employers Initiative	354,091
Regional Innovation	774,390
Knowledge Platform	159,745
Support Services	
Management and general	547,210
Total Expenses	<u>1,835,436</u>
Change in Net Assets	11,820
Net Assets, Beginning of Year	<u>1,062,158</u>
Net Assets, End of Year	<u><u>\$ 1,073,978</u></u>

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

Central Louisiana Economic Development Alliance
Statement of Functional Expenses
Year Ended December 31, 2019

Exhibit C

	Program Services			Support Services	
	Major Employers	Regional	Knowledge	Management	
	Initiative	Innovation	Platform	and General	Total
Advertising	\$ 47,740	\$ 14,643	\$ -	\$ 11,429	\$ 73,812
Bad debt	-	-	-	12,500	12,500
Bank charges	7	-	-	3,307	3,314
Coaching	-	91,419	-	-	91,419
Computer expense	406	472	-	7,139	8,017
Conferences	9,295	5,591	55	924	15,865
Consultants	2,000	168,906	8,858	37,860	217,624
Contract services	45,699	8,625	-	14,984	69,308
Depreciation	-	-	-	9,027	9,027
Dues and subscriptions	6,357	1,772	272	15,436	23,837
Instruction	-	23,586	-	308	23,894
Insurance	-	-	-	7,667	7,667
Interest expense	-	-	-	48	48
Meeting expense	888	1,231	15	6,710	8,844
Miscellaneous	1,255	3,390	-	151	4,796
Moving expense	-	-	-	2,175	2,175
Office expense	171	40	-	18,379	18,590
Penalties	-	-	-	1,301	1,301
Professional fees	-	-	-	13,829	13,829
Rent	-	8,000	-	40,000	48,000
Salaries and related benefits	171,044	390,305	149,361	311,481	1,022,191
Software expense	49,745	-	72	595	50,412
Sponsorships	24	1,325	-	10,420	11,769
Supplies	374	40,561	-	7,319	48,254
Telephone	-	2,383	-	11,989	14,372
Travel	19,086	12,141	1,112	2,232	34,571
Totals	\$ 354,091	\$ 774,390	\$ 159,745	\$ 547,210	\$ 1,835,436

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

Central Louisiana Economic Development Alliance
Statement of Cash Flows
Year Ended December 31, 2019

Exhibit D

Cash Flows from Operating Activities

Change in net assets	\$ 11,820
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,027
Change in operating assets and liabilities:	
Contributions and grants receivable	(25,348)
Prepaid expenses	(3,837)
Accounts payable	33,422
Other current liabilities	229
Net Cash Provided by Operating Activities	<u>25,313</u>

Cash Flows from Investing Activities

Purchase of property and equipment	(332,520)
Net Cash Used in Investing Activities	<u>(332,520)</u>

Cash Flows from Financing Activities

Proceeds from line of credit	30,556
Net Cash Provided by Financing Activities	<u>30,556</u>

Increase (Decrease) in Cash	(276,651)
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Cash, Beginning of Year	<u>391,568</u>
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Cash, End of Year	<u><u>\$ 114,917</u></u>
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Additional Required Disclosures (See Note 5)

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

Central Louisiana Economic Development Alliance
December 31, 2019

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Central Louisiana Economic Development Alliance, Inc. (OLD CLEDA) was incorporated in 1974 as a nonprofit corporation, on a non-stock basis, under the provisions of Louisiana Revised Statutes. On May 1, 2011, OLD CLEDA merged with and into Cenla Advantage Partnership (CAP). CAP, the surviving corporation, officially changed its name to Central Louisiana Economic Development Alliance (CLEDA) and continues to exist as a domestic nonprofit organization under the laws of Louisiana. CLEDA is an organization which consists of the economic development entities from the parishes of Allen, Avoyelles, Catahoula, Concordia, Grant, LaSalle, Natchitoches, Rapides, Vernon, and Winn. The mission of CLEDA is to advance the knowledge and understanding of economics and to develop economic planning and development that would bring about improved efficiency, development, and acceleration of both the quality and quantity of economic growth and employment opportunities. CLEDA receives funding from federal and state economic development grants and contributions from area businesses and philanthropic organizations to conduct its activities.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

CLEDA utilizes the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

CLEDA reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions generally result from revenues generated by receiving contributions that have no donor-imposed restrictions, and from receiving interest from operating investments, less expenses incurred in providing program services, raising contributions, and performing administrative functions. Net assets without donor restrictions are available for use at the discretion of CLEDA's Board and management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently. Until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. CLEDA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

**Central Louisiana Economic Development Alliance
December 31, 2019**

Notes to Financial Statements

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting CLEDA to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. CLEDA does not have any net assets with donor restrictions.

Cash

Cash includes amounts in demand deposits and an investment sweep account.

Prepaid Expenses

Prepaid expenses include insurance premiums paid prior to year-end for coverage included in the next year.

Property and Equipment

Property and equipment with estimated useful lives greater than one year and a value greater than \$250 are recorded at cost. Donated assets are recorded at fair market value, if material and reasonably determinable, at the time of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years.

CLEDA capitalizes interest as a component of the cost of property and equipment constructed for its own use. Capitalization stops when the asset is substantially complete and ready for its intended use. The amount of interest capitalized is determined by applying the applicable rate to average accumulated expenditures. Interest in the amount of \$4,749 was required to be capitalized for 2019.

Recognition of Donor Restricted Contributions

CLEDA reports support that is restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and Grants Receivable

Contributions and grants receivable which represent unconditional promises to give are recognized as support when the promise is received. Contributions and grants receivable expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of promise, if any. Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year and writes off all balances that are considered uncollectable. CLEDA believes that all contributions and grants receivable at December 31, 2019, will be fully collected within one year. Accordingly, no allowance for doubtful accounts is required.

**Central Louisiana Economic Development Alliance
December 31, 2019**

Notes to Financial Statements

Donated Services

The contribution of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services that meet the recognition criteria are recognized at their fair values. For the year ended December 31, 2019, there were no donated services that met the criteria for recognition.

Functional Allocation of Expenses

CLEDA's operating costs have been allocated between program services and support services based on direct identification.

Advertising

Advertising costs are expensed the first time the advertising takes place. Advertising costs expensed for the year were \$73,812.

Income Taxes

CLEDA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under applicable Louisiana Revised Statutes. CLEDA is not a private foundation.

As of December 31, 2019, tax returns for 2016, 2017, and 2018 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

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.

Subsequent Events

Management has evaluated subsequent events through August 10, 2020, the date which the financial statements were available for issue.

2. Contributions and Grants Receivable

Contributions and grants receivable at year-end consisted of the following:

Contributions receivable	\$ 64,525
Grants receivable – government grants	391,796
Grants receivable – other	<u>204,400</u>
	\$ 660,721

Central Louisiana Economic Development Alliance
December 31, 2019

Notes to Financial Statements

3. Property and Equipment

<u>Description</u>	<u>Life</u>	<u>Amount</u>
Land		\$ 11,840
Buildings and improvements	15-39 years	552,383
Furniture, fixtures, and equipment	5-10 years	86,718
Accumulated depreciation		(63,666)
Net		<u>\$ 587,275</u>

Depreciation expense for the year amounted to \$9,027.

4. Line of Credit

CLEDA has an unsecured line of credit in the amount of \$500,000 with Red River Bank. The note requires quarterly interest payments and has a stated interest rate of 4.25% per annum. The line of credit has a maturity date of February 22, 2020, at which time the principal and all accrued interest becomes due. The principal amount outstanding on the note at December 31, 2019, was \$245,670.

5. Additional Required Disclosures Relating to the Statement of Cash Flows

Interest paid during the year ended December 31, 2019, totaled \$4,610. There were no income taxes paid during the year, nor were there any material noncash financing or investing transactions that affected recognized assets or liabilities.

6. Concentration of Funding

CLEDA receives much of its funding from the Rapides Foundation, direct federal grants, and various other grantors and corporate sponsors in the central Louisiana area. Management is not aware of any actions that would adversely affect the amount of funds CLEDA will receive in the next year.

7. Contingencies

CLEDA receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowances, if any, would be insignificant.

8. Concentration of Credit Risk

The Federal Deposit Insurance Corporation ("FDIC") currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, CLEDA's cash deposits may exceed the federal insured limits. At December 31, 2019, its uninsured deposits totaled \$31,053. CLEDA has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash.

**Central Louisiana Economic Development Alliance
December 31, 2019**

Notes to Financial Statements

9. Lease

CLEDA leased office space during the year from a related party under a month-to-month operating lease. In December 2019, CLEDA ended this lease and moved into a self-constructed office building. For the year ended December 31, 2019, CLEDA made rental payments, consisting solely of minimum rentals, amounting to \$48,000 related to this lease.

10. Related Party Transactions

One of CLEDA's board members is the president and CEO of the financial institution that holds CLEDA's cash accounts. In addition to holding CLEDA's cash accounts, this financial institution is also the lender of the \$500,000 line of credit discussed in Note 4. The treasurer of CLEDA's board is partner at the CPA firm that provides CLEDA's quarterly financial statement compilation services along with supplemental information for the board meetings and other accounting services on an as needed basis. CLEDA made total payments of \$5,000 to this CPA firm during the year ended December 31, 2019. During the year, CLEDA leased office space in a building owned by one of its board members. Rental payments for the year ended December 31, 2019 totaled \$48,000. Lastly, one of CLEDA's board members is president and CEO of a foundation providing grant funds to CLEDA. As president and CEO, he makes grant funding recommendations on CLEDA's behalf to this foundation; however, he does not participate in final grant funding decisions. During the year, CLEDA recognized a total of \$725,425 in grant revenue from this foundation.

11. Liquidity and Availability of Financial Assets

The following reflects CLEDA's financial assets as of December 31, 2019, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. At year-end, all of CLEDA's financial assets were available to meet cash needs for general expenditures within one year.

	<u>2019</u>
Financial assets:	
Cash	\$ 114,917
Contributions and grants receivable	<u>660,721</u>
Financial assets at year-end	<u>775,638</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 775,638</u>

CLEDA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CLEDA also has an unsecured \$500,000 line of credit, as discussed in Note 4, which it could draw upon in the event of an anticipated liquidity need.

Supplementary Information

**Central Louisiana Economic Development Alliance
Schedule of Compensation, Benefits, and
Other Payments to the Chief Executive Officer
Year Ended December 31, 2019**

Schedule 1

Chief Executive Officer: Jim Clinton

No public funds were used to make payments to the chief executive officer during the year ended December 31, 2019.

See independent auditor's report.

**Other Report Required by
*Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**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**

To the Board of Directors of
Central Louisiana Economic Development Alliance

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 Central Louisiana Economic Development Alliance (CLEDA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 August 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLEDA'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 CLEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of CLEDA'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CLEDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

August 10, 2020

**Central Louisiana Economic Development Alliance
Schedule of Findings and Responses
Year Ended December 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Management's Corrective Action Plan Not applicable

Management's Summary Schedule of Prior Audit Findings Not applicable

Memorandum of Other Comments and Recommendations Not applicable

Federal Awards Not applicable

Section II - Financial Statement Findings None

Section III - Federal Award Findings and Questioned Costs Not applicable

*Central Louisiana Economic
Development Alliance*

*Statewide Agreed-Upon Procedures
Report*

Alexandria, Louisiana

December 31, 2019



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Central Louisiana Economic Development Alliance (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the Entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Entity's operations):
 - 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.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The Entity does not have formal written policies and procedures for budgeting, purchasing, contracting, credit cards, travel and expense reimbursement, or disaster recovery/business continuity.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

Management's Response: It is true that CLEDA has not committed many of our standard practices into formal written procedures. We have always been a small non-profit and have erred on the side of simplicity. However, as we have reached the threshold for SAUP audit procedures, we recognize the need to adopt more formal written procedures and have begun the process of adopting proper documentation in all the areas mentioned in the finding.

Regarding the comment on budgeting, it should be noted that CLEDA's by-laws provide for the development and approval for an annual Plan of Work and Budget. We have fulfilled that obligation each year since the 2011 merger of non-profits that created CLEDA in its current form. Financial performance is reported to the Board on no less than a quarterly basis. Management reviews financial performance on a monthly basis. Future audits will show that we have committed these existing procedures to writing. That said, as noted above, we recognize the lack of adequate written documentation and will have such in place in the next 90 days.

Board or Finance Committee

2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one (1) meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions noted.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Entity's main operating account. Select the Entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: For the bank account selected, there was no evidence that the bank reconciliation was prepared within two (2) months of the related statement closing date, nor was there evidence that the reconciliation was reviewed by management or a board member. Also, there was no documentation indicating that outstanding items greater than twelve (12) months from the statement closing date were researched by management.

Management's Response: Bank reconciliations are routinely performed within two months of the related statements closing date, but our documentation for that process has been uneven and/or lacking. Similarly, management routinely reviews the reconciliations but without adequate and regular documentation. All outstanding items greater than six (6) months from the statement closing date are now under review and will be reconciled shortly. We will maintain an aggressive policy on the elimination of outstanding items in a timely fashion.

Collections (excluding EFTs)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five (5) deposit sites [or all deposit sites if less than five (5)].

Results: Not applicable - all public funds are received by EFTs.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

5. Procedure: For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [i.e. five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: Not applicable - all public funds are received by EFTs.

6. Procedure: Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: Not applicable - all public funds are received by EFTs.

7. Procedures: Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100].
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: Not applicable - all public funds are received by EFTs.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations [or all locations if less than five (5)].

Results: No exceptions noted.

9. **Procedure:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two (2) employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

Results: No exceptions noted.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

10. Procedure: For each location selected under #8 above, obtain the Entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted.

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

11. Procedure: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Results: No exceptions noted.

12. Procedure: Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card [for a debit card, randomly select one (1) monthly bank statement], obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), 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) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

- 13. Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions [i.e. each card should have ten (10) transactions subject to testing]. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: Management was unable to provide an original itemized receipt for five (5) out of the thirty (30) transactions tested. Also, for two (2) of the transactions tested, there was no written documentation of the business/public purpose.

Management’s Response: Most of the issues identified with the referenced transactions have now been resolved. One issue remains outstanding but is being researched by CLEDA’s President and will be resolved and documented. We acknowledge the absence of written documentation and are correcting that deficiency at speed.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select five (5) reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

Contracts

- 15. Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one (1) payment from the fiscal period for each of the five (5) contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

Payroll and Personnel

- 16. Procedure:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: Of the five (5) employees selected, two (2) did not have personnel files. Of the three (3) employees with personnel files, one (1) did not contain salary information.

Management's Response: Since the SAUPs began, CLEDA has employed a new Office Coordinator with specific human resources experience. She has been tasked with development on an appropriate personnel manual. She also has the immediate responsibility of correcting our deficiencies in terms of personnel file maintenance and management.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

17. Procedure: Randomly select one (1) pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records.

Results: The Entity does not maintain records of employees' daily attendance and leave.

Management's Response: CLEDA's policy on all full-time management level employees is to measure performance on work completed, not hours worked. Our employees work at all hours in many different locations and circumstances. A standard work week would not adequately capture the level of commitment that we expect and achieve. Accordingly, we have adopted a policy like IBM and other corporations use for professional level employees. Each professional employee is allowed to take leave when needed without specifying the purpose of the leave. Management monitors all operations to assure that this policy is not abused. All full-time CLEDA employees are in the professional classification currently.

However, again we acknowledge the lack of adequate written documentation. As noted above, the Office Coordinator is developing the personnel manual that will document and guide our personnel procedures.

18. Procedure: Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: Not applicable - there were no terminations during the year.



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To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

- 19. Procedure:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions noted.

Ethics

- 20. Procedure:** Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one (1) hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: Not applicable - ethical requirements do not apply to nonprofits.

Debt Service

- 21. Procedure:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: Not applicable - debt service requirements do not apply to nonprofits.

- 22. Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable - debt service requirements do not apply to nonprofits.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Central Louisiana Economic Development Alliance
and the Louisiana Legislative Auditor

Other

23. Procedure: Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.

Results: No exceptions noted.

24. Procedure: Observe that the Entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

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.

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

August 10, 2020