

EDUCATIONAL AND TREATMENT COUNCIL, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS  
Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

December 23, 2019

To the Board of Directors  
Educational and Treatment Council, Inc.  
Lake Charles, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Educational and Treatment Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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. 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.

To the Board of Directors  
December 23, 2019  
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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational and Treatment Council, Inc. as of June 30, 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 accompanying schedule of compensation, benefits and other payments to chief executive officer and the 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 basic 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.

## **Report on Summarized Comparative Information**

We have previously audited Educational and Treatment Council, Inc.'s June 30, 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of Educational and Treatment Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Educational and Treatment Council, Inc.'s internal control over financial reporting and compliance.

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## EDUCATIONAL AND TREATMENT COUNCIL, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2019

With Comparative Totals as of June 30, 2018

	Unrestricted	Donor Restricted	2019 Total	2018 Total
<b>ASSETS</b>				
Current Assets				
Cash	\$ 1,173,597	\$ -	\$ 1,173,597	\$ 994,594
Accounts receivable	150,819	-	150,819	240,106
Prepaid expenses	36,057	-	36,057	33,207
Total current assets	1,360,473	-	1,360,473	1,267,907
Fixed Assets at cost, net of accumulated depreciation of \$1,228,837				
	430,279	-	430,279	486,860
	430,279	-	430,279	486,860
<b>TOTAL ASSETS</b>	<b>\$ 1,790,752</b>	<b>\$ -</b>	<b>\$ 1,790,752</b>	<b>\$ 1,754,767</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable	\$ 29,125	\$ -	\$ 29,125	\$ 56,977
Accrued salary and payroll taxes	77,690	-	77,690	61,024
Current maturities of long-term debt	-	-	-	6,350
Total current liabilities	106,815	-	106,815	124,351
Long-Term debt, net of current maturities	-	-	-	1,014
Total liabilities	106,815	-	106,815	125,365
Net Assets				
Unrestricted	1,683,937	-	1,683,937	1,629,213
With donor restriction	-	-	-	189
	1,683,937	-	1,683,937	1,629,402
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,790,752</b>	<b>\$ -</b>	<b>\$ 1,790,752</b>	<b>\$ 1,754,767</b>

See accompanying notes.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Unrestricted	Donor restricted	2019 Total	2018 Total
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS				
Contributions	\$ 31,549	\$ -	\$ 31,549	\$ 51,831
In-kind contributions	18,376	-	18,376	36,075
Grants and contracts	1,889,339	-	1,889,339	1,846,728
Service taxes	728,690	-	728,690	718,470
Interest	8,172	-	8,172	4,763
Miscellaneous	13,800	-	13,800	18,364
Net assets released from restrictions:				
Expiration of time restrictions	-	-	-	-
Total public support, revenues and reclassifications	<u>2,689,926</u>	<u>-</u>	<u>2,689,926</u>	<u>2,676,231</u>
EXPENSES				
Residential Services	1,810,864	-	1,810,864	1,711,538
Community Program Services	824,527	-	824,527	843,191
Total expenses	<u>2,635,391</u>	<u>-</u>	<u>2,635,391</u>	<u>2,554,729</u>
CHANGES IN NET ASSETS	54,535	-	54,535	121,502
NET ASSETS, BEGINNING	<u>1,629,402</u>	<u>-</u>	<u>1,629,402</u>	<u>1,507,900</u>
NET ASSETS, ENDING	<u>\$ 1,683,937</u>	<u>\$ -</u>	<u>\$ 1,683,937</u>	<u>\$ 1,629,402</u>

See accompanying notes.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Residential Services	Community Program Services	2019 Total	2018 Total
Salaries	\$ 1,064,001	\$ 533,278	\$ 1,597,279	\$ 1,540,898
Payroll taxes	78,867	38,902	117,769	112,859
Employee benefits	58,787	39,345	98,132	97,954
Total salaries and benefits	1,201,655	611,525	1,813,180	1,751,711
Advertising	396	438	834	1,052
Bad debt expense	349	-	349	2,671
Client activities	66,770	2,391	69,161	45,988
Contractual services	12,141	42,830	54,971	46,985
Community care activities	-	-	-	692
Computer services	4,681	1,292	5,973	4,190
Donated supplies	9,466	8,910	18,376	36,075
Dues/subscriptions	2,139	1,581	3,720	4,203
Food	48,415	-	48,415	56,316
Fund-raising	4,247	-	4,247	13,084
Household supplies	14,654	-	14,654	6,560
Insurance-workmen's compensation	36,640	11,075	47,715	39,567
Insurance-liability	52,051	46,647	98,698	100,927
Janitorial services	21,992	8,058	30,050	28,742
Licenses/certification	650	8,250	8,900	7,731
Medical services	2,611	-	2,611	2,911
Miscellaneous	737	421	1,158	5,199
Motor vehicle	18,212	18,326	36,538	38,420
Office supplies	13,512	4,391	17,903	15,140
Personal client needs/clothing	11,520	-	11,520	9,783
Professional services	5,855	5,645	11,500	11,060
Recreational	8,422	7,330	15,752	19,087
Rent	128,727	1,949	130,676	119,461
Repairs and maintenance - building and grounds	20,764	1,417	22,181	15,498

Continued

See accompanying notes.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Residential Services	Community Program Services	2019 Total	2018 Total
Repairs and maintenance - equipment	\$ 9,564	\$ 3,895	\$ 13,459	\$ 9,555
Security	697	230	927	600
Service charges	1,871	1,011	2,882	2,364
Supplies - kitchen and camp	2,626	1,159	3,785	3,668
Communications	11,730	11,806	23,536	23,377
Therapeutic supplies	-	3,675	3,675	2,066
Travel and training	13,162	4,227	17,389	22,071
Utilities	37,690	5,573	43,263	46,432
Total expenses before depreciation	1,763,946	814,052	2,577,998	2,493,186
Depreciation of buildings and equipment	46,918	10,475	57,393	61,543
Total expenses	<u>\$ 1,810,864</u>	<u>\$ 824,527</u>	<u>\$ 2,635,391</u>	<u>\$ 2,554,729</u>

See accompanying notes.



EDUCATIONAL AND TREATMENT COUNCIL, INC.

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 54,535	\$ 121,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,393	61,543
(Increase) decrease in accounts receivable	89,287	(77,623)
(Increase) decrease in prepaid expenses	(2,850)	(4,377)
Increase (decrease) in accounts payable	(27,852)	37,689
Increase (decrease) in accrued expenses	16,666	(2,768)
Net cash from operating activities	<u>187,179</u>	<u>135,966</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(812)	(2,068)
Proceeds from disposition of fixed assets	-	100
Net cash from investing activities	<u>(812)</u>	<u>(1,968)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from debt borrowing	-	-
Payments on long-term debt	(7,364)	(6,162)
Net cash from financing activities	<u>(7,364)</u>	<u>(6,162)</u>
 Net increase (decrease) in cash and cash equivalents	179,003	127,836
 Cash and cash equivalents, beginning	<u>994,594</u>	<u>866,758</u>
 Cash and cash equivalents, ending	<u>\$ 1,173,597</u>	<u>\$ 994,594</u>
 Supplemental disclosures:		
Interest paid	\$ -	\$ 311
Non-cash donations	<u>\$ 18,376</u>	<u>\$ 36,075</u>

See accompanying notes.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Educational and Treatment Council, Inc. (ETC) is a nonprofit corporation organized in 1974 under the laws of the State of Louisiana. The mission of ETC is to provide services and programs that ensure youth safety, enhance life functioning, and re-connect youth and families with the community. Educational and Treatment Council, Inc. provides prevention and intervention services that address issues affecting at-risk youth and their families. All services are available at no cost to clients. The primary service area of Educational and Treatment Council, Inc. is the five parishes of Southwest Louisiana.

Harbour House, a program of Educational and Treatment Council, Inc., is an emergency shelter for children and youth ages 10-17 years old. The shelter serves abused and neglected children, foster children, runaway and homeless youth, status offenders, and other youth in need of a safe place to stay. Harbour House also provides brief respite for children of families in crisis to ensure safety and reduce stress. In addition to short-term residential care, other services provided include education, counseling, assessment, and referral. Established in 1985, Harbour House is licensed by the State of Louisiana as a Child Residential Facility with a maximum capacity of 18 youth. The average length of stay for residents is 23 days.

The Transitional Living Program (TLP), formerly known as La Maison de Grace, is another residential service of ETC. The Transitional Living Program provides supervised apartment housing for youth ages 16-21 who are homeless or who are aging out of the juvenile justice and foster care systems. The program also provides scattered site housing for homeless youth ages 18-21. Services focus on vocational training, job attainment, educational advancement and money management.

Community-based services of Educational and Treatment Council, Inc. include in-home crisis counseling, child abuse prevention and intervention, home visitation, case management, Functional Family Therapy, and outpatient substance abuse treatment for juveniles.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Public Support and Revenues

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets depending on the nature of the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Included in contributions revenue and program expenses is the estimated value of donated materials and equipment of \$18,376. Donated goods and services were used to enhance program activities and operations. However, a substantial number of volunteers have donated significant amounts of time to the Council's programs services and its fundraising activities which have not been reflected in the financial statements inasmuch no objective basis is available to measure the value of such services.

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.

Accounts Receivable

Accounts receivable at June 30, 2019 of \$150,819 represents receivables from federal and state grants, all of which is deemed collectable.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash

Cash includes amounts in demand deposits. The Council's policy is to secure required collateral to safeguard all of the financial instruments. At June 30, 2019, the carrying amount was \$1,173,597 and the bank balance was \$1,182,695, of which \$981,660 was covered by federal depository insurance and \$201,035 was uninsured.

Deferred Income

Grant funds received from the grantor for particular operating purposes are deemed to be earned and reported as revenues when the Council has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as deferred amounts.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Council considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

Educational and Treatment Council, Inc. is a nonprofit organization as described under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Educational and Treatment Council, Inc. has been determined by the Internal Revenue Service not to be a "private" foundation within the meaning of Section 170(b)(1)(A)(vi) of the Code.

Advertising Costs

The Council expenses advertising costs as incurred. Expenses incurred were \$834 for 2019.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a parabolic use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-imposed restriction unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

The Organization does not interpret the guidance in the standard to include amounts restricted by awarding agencies as donor-restricted. The Organization believes that these amounts do not meet the spirit of the standard for such a classification or is there any industry standard indicating that others will treat these assets as donor-restricted.

All net assets of the Organization at June 30, 2019 were considered to be net assets without donor restrictions.

Subsequent Events

Management has evaluated subsequent events through December 23, 2019, the date the financial statements were available to be issued.

NOTE B – FIXED ASSETS

The following is a summary of property and equipment as of June 30, 2019:

	Beginning Balance	Net Change	Ending Balance
Land	\$ 25,000	\$ -	\$ 25,000
Buildings	1,224,115	-	1,224,115
Improvements	9,760	-	9,760
Transportation equipment	201,300	-	201,300
Equipment, furniture and fixtures	198,129	812	198,941
	1,658,304	812	1,659,116
Less: Accumulated Depreciation	1,171,444	57,393	1,228,837
Total	\$ 486,860	\$ (56,581)	\$ 430,279

Property and equipment is stated at cost, net of accumulated depreciation. Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed principally by the straight-line method over the following estimated useful lives:

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE B – FIXED ASSETS – CONTINUED

	<u>Years</u>
Buildings	30
Equipment, furniture and fixtures	5-10
Transportation equipment	5
Leasehold improvements	15

NOTE C – CONTINGENCIES

The Council receives a substantial amount of its support from state and local government. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Council estimates of the relative proportion of various staff members' time and effort between programs and administrative functions.

NOTE E – SICK AND VACATION PAY

The first six months of employment are considered a new hire introductory period. Any days missed during this period are treated as non-compensatory leave. Sick leave begins to be accrued from the date of employment, but may not be used prior to the completion of six months continuous service and satisfactory completion of the introductory period. Sick leave for regular full-time employees is accumulated at the rate of eight hours per month of service. Part time employees who regularly work at least 20 hours per week accrue sick leave on a pro-rated basis based on the number of their regularly scheduled hours per day. Termination of service with the Council during this period results in forfeiture of all accrued sick leave.

After the introductory period, full time employees can begin utilizing sick leave, which is accrued at the rate of one day per month. This accrual of sick leave shall continue until the employee has accrued a maximum of 30 days sick leave. After this maximum has been achieved, no further sick leave shall be accrued until the balance is reduced below 30 days. Any employee terminating agency service shall not be compensated in any form for any unused accrued sick leave. Therefore, no liability has been accrued for these benefits.

Accrual of annual leave begins at the time the full or part time employee successfully completes the required introductory period. Full time employees begin accruing annual leave at the rate of eight hours per month up to 96 hours of

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE E – SICK AND VACATION PAY - CONTINUED

annual leave each year of employment. After three years of service, the annual leave increases by eight hours for each additional year of service up to a maximum of 160 hours per year. Part-time employees who regularly work at least 20 hours per week accrued annual leave hours on a pro-rated basis. Unless additional carry over leave is approved by the Board, an employee may not carry over a maximum of 32 hours of annual leave time from one fiscal year to the next. Any carried over leave time must be used by the end of the second quarter of the next fiscal year (December 31) or it is lost. Upon termination of employment, regular employees will be paid for any accrued, but unused, annual leave. The dollar value of accrued leave at June 30, 2019 amounted to \$19,587.

NOTE F – JUVENILE SERVICES TAX

On May 5, 1984, the property owners of Calcasieu Parish passed the Juvenile Detention, Probation, and Services Tax. The Juvenile Services tax was originally approved by voters for 2.4 mills and the tax has since been renewed every 10 years. The Calcasieu Parish Policy Jury shall pay in two equal installments on a semi-annual basis in February of each year of the agreement, or as soon thereafter as ad valorem taxes are received by the Parish, and in October of each year of the agreement. For and in consideration of the payment of the foregoing lease sums, Educational and Treatment Council, Inc. shall provide juvenile services without further cost to the Court or the Calcasieu Parish Police Jury for emergency shelter services for children and family support services as described in the agreement.

NOTE G – OPERATING LEASE COMMITMENT

The Council leases up to eighteen apartment units for its transitional living program under operating leases expiring at various times during the year. Total lease expense for the year was \$126,720.

The Council entered into two 24-month operating leases in April 2018 for two vehicles. The leases require the Council to pay \$670 per month. The total amount paid for the year was \$8,040. The following are future minimum rental payments required by the lease as of June 30, 2019:

	<u>Amount</u>
Year Ending June 30, 2020	6,700

NOTE H – LIQUIDITY

At June 30, 2019, the Council has \$1,324,416 available to meet needs for general expenditures consisting of cash of \$1,173,597 and accounts receivable of

EDUCATIONAL AND TREATMENT COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE H – LIQUIDITY – CONTINUED

\$150,819. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Council manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Council are expected to be met on a monthly basis from grant income. In general, the Council maintains sufficient financial assets on hand to meet thirty days' worth of normal operating expenses.

NOTE I – ADOPTION OF ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two classes of net assets including net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Council, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Council's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Council adopted the ASU effective July 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.



## OTHER INFORMATION

EDUCATIONAL AND TREATMENT COUNCIL, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO CHIEF EXECUTIVE OFFICER

Year Ended June 30, 2019

Chief Executive Officer: Amy Dunn, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,654
Benefits - insurance	3,932
Benefits - retirement	-
Benefits - cell phone	-
Mileage	-
Vehicle provided by government	-
Per diem	-
Reimbursements	492
Travel	854
Registration fees	-
Conference travel	287
Continuing professional education fees	317
Housing	-
Unvouchered expenses	179
Meal reimbursements	-
Dues	-

EDUCATIONAL AND TREATMENT COUNCIL, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Disbursements/ Expenses</u>
U.S. Department of Health and Human Services			
Basic center grant	93.623	-	\$ 153,000
Transitional living for homeless youth	93.550	-	210,212
Pass-through from State of Louisiana Department of Social Services			
Promoting safe and stable families	93.556	-	330,420 *
Pass-through from State of Louisiana Department Office of Behavioral Health			
Imperial Calcasieu Human Services Authority (ImCal)			
Block grants for community Mental health services	93.958	-	65,613
TANF Cluster:			
Pass-through from Calcasieu Parish Police Jury			
Temporary assistance for needy families	93.558	-	124,865 *
Pass-through from State of Louisiana office of Juvenile Justice			
Temporary assistance for needy families	93.558	-	70,460 *
Total TANF Cluster			195,325
U.S. Department of Agriculture			
Pass-through from State of Louisiana Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	-	16,046

# EDUCATIONAL AND TREATMENT COUNCIL, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONTINUED

Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor <u>Program Title</u>	Federal CFDA Number	Pass-Through Grantors <u>Number</u>	Disbursements/ <u>Expenses</u>
U.S. Department of Homeland Security Pass-through United Way Emergency Food and Shelter National Board Program	97.024	-	\$ 14,250
U.S. Department of Justice Pass-through from Calcasieu Parish Police Jury Crime Victims Assistance	16.575	-	<u>30,794</u>
Total Federal Awards			<u>\$ 1,015,660</u>

\* - Major Programs

### NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Educational and Treatment Council, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Educational and Treatment Council, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Educational and Treatment Council, Inc.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) 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 allowed or are limited as to reimbursement.
- (2) The Educational and Treatment Council, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

December 23, 2019

To the Board of Directors  
Educational and Treatment Council, Inc.  
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Educational and Treatment Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 23, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Education and Treatment Council, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Education and Treatment Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Educational and Treatment Council, Inc.'s financial statements are free of 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*.

### **Educational and Treatment Council, Inc.'s Response to Findings**

The Educational and Treatment Council, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Educational and Treatment Council, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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.

*Haggen, Casiday & Shillery*



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

December 23, 2019

Board of Directors  
Educational and Treatment Council, Inc.  
Lake Charles, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited Educational and Treatment Council, Inc.'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Educational and Treatment Council, Inc.'s major federal programs for the year ended June 30, 2019. Educational and Treatment Council, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Educational and Treatment Council, Inc.'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 *Governmental 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 Educational and Treatment Council, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Educational and Treatment Council, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of Educational and Treatment Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Educational and Treatment Council, Inc.'s internal control over compliance with the types requirements that could have a direct and material effect on a 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 Educational and Treatment Council, Inc.'s internal control over compliance.

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

*Shagon, Casiday, Shillory*



EDUCATIONAL AND TREATMENT COUNCIL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Control deficiencies identified not considered  
to be material weakness? ☒ Yes ☐ None reported

Noncompliance material to financial statements  
noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness identified? ☐ Yes ☒ No

Control deficiencies identified that is not considered  
to be material weakness? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance  
for major programs: unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform  
Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.556	Promoting safe and stable families
93.558	Temporary Assistance For Needy Families

Dollar threshold used to distinguish between

Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

EDUCATIONAL AND TREATMENT COUNCIL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended June 30, 2019

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

2019-001: Segregation of Duties

Condition:	Because of the Council's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.
Criteria:	Effective internal control requires adequate segregation of duties among client personnel.
Effect:	Without proper segregation of duties, errors within the financial records or fraud could go undetected.
Recommendation:	To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.
Action Taken/Response:	Management concurs with this recommendation and has implemented supervision and review procedures to the extent possible.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SECTION IV – PRIOR YEAR FINDINGS

2018 – 001: Segregation of Duties

Condition:	Proper segregation of duties for effective internal controls is not in place.
Status:	Repeat finding in 2019.

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

December 23, 2019

Board of Directors  
Educational and Treatment Council, Inc.  
Lake Charles, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the Educational and Treatment Council, Inc. 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 year July 1, 2018 through June 30, 2019. The Council's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

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1. 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.  
***The Council is a nonprofit entity and budget adoption is not required.***
  - 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.  
***The Council's written policies and procedures manual addresses this area.***
  - c) *Disbursements*, including processing, reviewing, and approving.  
***The Council's written policies and procedures manual addresses this area.***
  - d) *Receipt/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 confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

***The Council's written policies and procedures manual addresses this area.***

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

***The Council's written policies and procedures manual addresses this area.***

- 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.

***The Council's written policies and procedures manual does not address this area.***

***Management response: Management will update the procedures manual to cover all required topics.***

- 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 (.e.g., determining the reasonableness of fuel card purchases).

***The Council's written policies and procedures manual addresses this area.***

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

***The Council's written policies and procedures manual addresses this area.***

- 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.

***The Council is a nonprofit entity and its written policies and procedures manual does not need to address this area.***

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***The Council's written policies and procedures manual does not address this area.***

***Management response: Management will update the procedures manual to cover all required topics.***

- h) *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.

***The Council's written policies and procedures manual addresses this area.***

***Council or Finance Committee***

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2. 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.

***The board met in accordance with by-laws.***

- 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.

***Monthly income statements with budgetary comparisons and variances were provided to the board at the board meetings.***

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

***The Council did not have a negative fund balance in the general fund in the prior year.***

***Bank Reconciliations***

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3. Obtain a listing of the entity's 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Bank reconciliations were not prepared within 2 months of the statement closing date.***

***Management response: Management will complete and review bank reconciliations within two months of the statement closing date.***

- 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

***Bank reconciliations did not include evidence that a member of management/board member reviewed each reconciliation.***

***Management response: Management will institute a policy to include evidence of review.***

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Not applicable, there are no outstanding checks for more than twelve months for the statements selected.***

### ***Collections***

---

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

***The listing was provided by management.***

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 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 the 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.

***The Council does not have 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.

***The employee responsible for collecting cash is not responsible for preparing/making bank deposits. No other employee/official is responsible for reconciling collection documentation to the deposit.***

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

***The employee responsible for collecting cash is not responsible for posting collection entries to the general ledger.***

- d) The employee 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.

***The employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.***

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

*All employees are covered by an insurance policy for theft.*

7. Randomly select two deposit dates for each of the 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). Obtain supported documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions when applicable.*

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

*Traced collection documentation to the deposit slip without variances.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*All deposits selected cleared the bank account timely and intact.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*All deposits selected were made within one business day of receipt.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*All deposits selected were traced to the general ledger. No exceptions.*

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

---

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

*The listing was provided by management.*

9. For each location selected under #8 above, obtain a list 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 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

***The executive director and bookkeeper have the authority to initiate and approve purchases. The board of directors approve the list of disbursements monthly.***

- b) At least two employees are involved in processing and approving payments to vendors.

***The bookkeeper has the authority to perform accounts payable payment processing and the executive director approves the payments.***

- 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.

***The bookkeeper processes payments and is allowed to add/modify vendor files. The executive director reviews each check that is processed and compares it to vendor invoices prior to approving/signing the check.***

- 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.

***The executive director signs and mails all checks.***

- 10. 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 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

***All disbursements tested matched the 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.

***All disbursements were in compliance with responses in #9.***

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

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- 11. 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.

***The listing was provided by management.***

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each



card (for a debit card, randomly select one 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 excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

***On the months tested, supporting documentation was reviewed and there is no evidence of approval, in writing, by someone other than the authorized card holder.***

***Management response: Someone other than the cardholder will review and approve, in writing, the credit card statements.***

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

***No finance charges or late fees were assessed on the selected statements.***

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

***No exceptions noted.***

#### ***Travel and Travel-Related Expense Reimbursements (Excluding card transactions)***

---

- 14. 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 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 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](http://www.gsa.gov)).

***The Council reimburses below the GSA rate.***

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

***Documentation and receipts were provided.***

- 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).

***Reimbursement was supported by documentation of the business/public purpose of the travel.***

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Each expense tested was supported by documentation and approval by other than the person receiving the reimbursement.***

### ***Contracts***

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- 15. 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. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all contracts if less than 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.

***The tested contract was not subject to bid 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).

***The contract did not require board approval.***

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

***The contract was not amended.***

- d) Randomly select one payment from the fiscal period for each of the 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.

***No discrepancies noted.***

### ***Payroll and Personnel***

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

*The listing was provided by management. All salaries were paid in accordance to authorized payrates.*

17. Randomly select on pay period during the fiscal period. For the 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.)

*No exceptions noted.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions noted.*

18. Obtain a listing of those employees/officials that received termination pay during the fiscal period and management's representation that the list is complete. Randomly select two 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 payrates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*The listing was provided by management. The selected termination payments were paid properly.*

19. 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.

*Documentation reflected that payroll tax return/reports, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed timely. The Council did not have a retirement plan.*

## Ethics

20. Using the five 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 hour of ethics training during the fiscal period.

*Not applicable, this is a nonprofit organization*

- 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.

*Not applicable, this is a nonprofit organization.*

#### ***Debt Service***

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

*No debt was issued during the fiscal year.*

- 22. 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 on 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.

*Not applicable, no debt covenants or reserve requirements.*

#### ***Other***

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- 23. 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.

*Management informed us that the Council did not have any misappropriation of public funds or assets during the fiscal year.*

- 24. Observe 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.

*The Council has the required notice posted in a conspicuous place upon its premises, yet not on its website.*

*Management response: The notice will be posted on the website as soon as possible.*

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 conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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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.

Dragon, Cassidy: Hillary