



Financial Reports
June 30, 2017

START CORPORATION

Financial Reports

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
START Corporation
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of START Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of START Corporation as of June 30, 2017 and 2016, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of START Corporation as a whole. The accompanying supplementary Schedule of Program Revenues and Expenses and supplementary Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of START Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering START Corporation's internal control over financial reporting and compliance.

Houma, Louisiana
December 29, 2017



START CORPORATION
Statements of Financial Position
June 30, 2017 and 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 374,244	\$ 182,914
Grant and contract receivables	1,449,291	1,727,822
Other prepaid expenses and deposits	506,109	328,645
Total current assets	<u>2,329,644</u>	<u>2,239,381</u>
Property and equipment at cost:		
Buildings	2,571,111	2,424,583
Leasehold improvements	47,162	148,952
Furniture, fixtures & equipment	188,043	144,026
Vehicles	337,005	312,289
Total depreciable assets	<u>3,143,321</u>	<u>3,029,850</u>
Less accumulated depreciation	<u>(896,565)</u>	<u>(790,056)</u>
	2,246,756	2,239,794
Land	176,357	176,357
Construction in progress	135,682	-
Total property and equipment	<u>2,558,795</u>	<u>2,416,151</u>
 Total assets	 <u>\$ 4,888,439</u>	 <u>\$ 4,655,532</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 532	\$ 15,683
Accrued payroll and other liabilities	500,344	301,337
Line-of-credit note payable	443,364	625,000
Current portion of long-term debt	27,916	36,624
Total current liabilities	<u>972,156</u>	<u>978,644</u>
Long-term debt:		
Long-term debt, less current portion	<u>1,394,097</u>	<u>1,268,678</u>
Total long-term debt	<u>1,394,097</u>	<u>1,268,678</u>
 Total liabilities	 <u>2,366,253</u>	 <u>2,247,322</u>
Net assets:		
Unrestricted net assets	2,397,186	2,283,210
Temporarily restricted net assets	125,000	125,000
Total net assets	<u>2,522,186</u>	<u>2,408,210</u>
 Total liabilities and net assets	 <u>\$ 4,888,439</u>	 <u>\$ 4,655,532</u>

START CORPORATION
 Statements of Activities
 Years Ended June 30, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:						
Revenues:						
Fees, grants, and contract income	\$ 10,695,980	\$ -	\$ 10,695,980	\$ 8,613,838	\$ -	\$ 8,613,838
Contributions	20,276	-	20,276	17,511	-	17,511
Total public support	10,716,256	-	10,716,256	8,631,349	-	8,631,349
Other revenues:						
Program service and other fees	326,369	-	326,369	310,770	-	310,770
Other income	505	-	505	25,697	-	25,697
Total other revenues	326,874	-	326,874	336,467	-	336,467
Total revenues and other support	11,043,130	-	11,043,130	8,967,816	-	8,967,816
Expenses:						
Program services	10,767,031	-	10,767,031	9,024,998	-	9,024,998
Supporting services:						
Management and general	162,123	-	162,123	323,605	-	323,605
Total expenses	10,929,154	-	10,929,154	9,348,603	-	9,348,603
Change in net assets	113,976	-	113,976	(380,787)	-	(380,787)
Net assets at beginning of year	2,283,210	125,000	2,408,210	2,663,997	125,000	2,788,997
Net assets at end of year	\$ 2,397,186	\$ 125,000	\$ 2,522,186	\$ 2,283,210	\$ 125,000	\$ 2,408,210

See notes to financial statements.

START CORPORATION
Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	2017			2016		
	Total Program Services	Management and General	Total All Services	Total Program Services	Management and General	Total All Services
Expenses:						
Salaries	\$ 4,835,015	\$ 19,376	\$ 4,854,391	\$ 4,290,060	\$ 130,175	\$ 4,420,235
Payroll taxes	372,525	6,849	379,374	338,686	5,336	344,022
Employee benefits	622,038	4,812	626,850	653,319	1,317	654,636
Total salary and related benefits	5,829,578	31,037	5,860,615	5,282,065	136,828	5,418,893
Bad debt	515,417	162	515,579	515,128	-	515,128
Bank charges	1,950	927	2,877	4,282	671	4,953
Client assistance	2,434,863	148	2,435,011	1,871,424	625	1,872,049
Donations	-	148	148	-	1,000	1,000
Dues and subscriptions	624	3,248	3,872	1,840	1,091	2,931
Insurance	215,938	8,223	224,161	81,772	2,652	84,424
Interest	4,115	31,234	35,349	3,237	32,054	35,291
Licenses, taxes and fees	8,254	3,481	11,735	17,377	2,151	19,528
Maintenance and repairs	115,018	15,471	130,489	115,959	12,120	128,079
Miscellaneous	6,354	437	6,791	8,987	12,086	21,073
Postage and delivery	2,349	2,024	4,373	1,421	2,444	3,865
Professional fees	784,062	21,084	805,146	322,099	22,409	344,508
Rent	109,640	86	109,726	87,342	918	88,260
Stipend	63,023	-	63,023	32,075	-	32,075
Supplies and materials	172,007	20,709	192,716	211,367	24,698	236,065
Telephone	120,423	5,963	126,386	91,481	31,003	122,484
Training	79,568	3,728	83,296	74,799	2,435	77,234
Travel	157,774	3,937	161,711	170,148	8,007	178,155
Utilities	46,664	2,977	49,641	42,249	2,342	44,591
Total expenses before depreciation	10,667,621	155,024	10,822,645	8,935,052	295,534	9,230,586
Depreciation	99,410	7,099	106,509	89,946	28,071	118,017
Total expenses	<u>\$ 10,767,031</u>	<u>\$ 162,123</u>	<u>\$ 10,929,154</u>	<u>\$ 9,024,998</u>	<u>\$ 323,605</u>	<u>\$ 9,348,603</u>

See notes to financial statements.

START CORPORATION

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 113,976	\$ (380,787)
Noncash adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	106,509	118,017
Changes in:		
Grants & contracts receivable	278,531	(504,604)
Prepaid expense	(177,464)	(197,285)
Accounts payable	(15,151)	(4,182)
Accrued payroll and other liabilities	199,007	128,232
Net cash provided by (used in) operating activities	<u>505,408</u>	<u>(840,609)</u>
Cash flows from investing activities:		
Purchase and construction of property and equipment	<u>(249,153)</u>	<u>(196,218)</u>
Net cash provided by (used in) investing activities	<u>(249,153)</u>	<u>(196,218)</u>
Cash flows from financing activities:		
Line-of-credit note payable increase (decrease)	(181,636)	625,000
Proceeds from long-term debt	146,529	-
Payments of debt	<u>(29,818)</u>	<u>(20,530)</u>
Net cash provided by (used in) financing activities	<u>(64,925)</u>	<u>604,470</u>
Net increase (decrease) in cash and cash equivalents	191,330	(432,357)
Cash and cash equivalents at beginning of year	<u>182,914</u>	<u>615,271</u>
Cash and cash equivalents at end of year	<u>\$ 374,244</u>	<u>\$ 182,914</u>
Supplemental disclosures:		
Interest paid during the year	\$ 35,349	\$ 35,291

START CORPORATION

Notes to Financial Statements

1) Organization

START Corporation (START) operates as a voluntary non-profit organization which provides rehabilitation services, training, placement, and employment for mentally and physically handicapped individuals in Terrebonne, Lafourche, St. John, St. James, St. Mary, Assumption, Orleans and St. Charles Parishes.

2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies:

- a) Basis of Accounting & Presentation. Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

START reports three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements do not include any permanently restricted net assets.

- b) Property and Equipment. Property and equipment are recorded at historical cost or, if donated, at the fair market value on the date donated and are depreciated on straight-line and accelerated methods over their estimated useful lives as follows:

Buildings	39 years
Leasehold improvements	7 years
Furniture, fixtures and equipment	5-7 years
Vehicles	3-5 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$106,509 and 118,017, respectively.

- c) Net Service Revenue. START entered into an agreement under one of its governmental programs and is reimbursed based upon established charges. Net service revenue under this grant program is reported at the estimated net realizable amounts from services provided. Settlements under its reimbursement agreement are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

- d) Functional Expenses. START allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management. Principal programs are as follows:

START CORPORATION

Notes to Financial Statements, Continued

- i) Fresh Start – Program provides permanent housing for homeless persons with severe mental illness. This program will provide safe, decent, affordable, stable housing to persons with disabilities who experience chronic homelessness to assist them in achieving self-sufficiency and permanency in housing. Along with providing housing, supportive services will be provided to assist residents in transition into and maintenance of the permanent housing arrangement.
- ii) Consumer Care – This program is provided through a contract with SCLHSA. START acts as the fiduciary agent to administer adult and children consumer care resource funds.
- iii) Shelter + Care – Program is designed to provide housing and supportive services to individuals and families with disabilities that meet HUD’s definition of homeless. This program works closely with Permanent Supportive Housing of Thibodaux.
- iv) NOLA Shelter + Care – This program is designed to provide housing and supportive services to program recipients that meet HUD’s definition of homelessness and have a physical, developmental, or behavioral disability as defined by the specific program. This program is funded through Unity of Greater New Orleans and Metropolitan Human Services District.
- v) Jefferson Shelter + Care - This program is designed to provide housing and supportive services to program recipients that meet HUD’s definition of homelessness and have a physical, developmental, or behavioral disability as defined by the specific program. This program is funded through Jefferson Parish Government.
- vi) Visions II GCTFS – This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, a veteran and/or a young person 18-30 in Terrebonne Parish. The services in this program also include, but are not limited to: skills training, locating housing, financial support, and other services necessary in maintaining permanent housing.
- vii) Orleans Parish, Baton Rouge and Thibodaux Housing Support Teams – Through contracts with the five Bayou Health Plans, Medicaid, and through other waiver programs, Start Corporation maintains a Housing Support Team that assists Permanent Supportive Housing and Shelter+Care participants with services to obtain and maintain safe, affordable, permanent housing. Using a Housing First model, services are provided in the community and are individualized to meet the cross-disability population’s needs.
- viii) SSVF – The program’s Community Support Specialists (case managers) provide guidance, education, and service coordination to help Veterans and their families make informed decisions, understand their options and to effectively use VA benefits. In addition, Community Support Specialists connect Veterans and families with other community resources including housing services, health care, financial planning and assistance, transportation, legal services, child care, etc.
- ix) Start Community Health Clinic – This program is a Federally Qualified Health Clinic, funded partially by a HRSA grant that provides primary, mental health, and dental care services. The program’s focus is to increase access to care for homeless persons, veterans, people with low-income, and others in the community.

START CORPORATION

Notes to Financial Statements, Continued

- x) Starting Over – Program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.
- xi) Housing Development – Program is designed to assist in the recovery of individuals with serious mental illness by providing the necessary technical and practical support in locating and providing safe, secure and affordable housing.
- xii) Baton Rouge Housing Support Teams – Permanent Supportive Housing (PSH) is community based supportive services provided along with safe, affordable, permanent housing. Best Practice PSH services are individualized, flexible and responsive to the needs of the individual; available when needed prior to, during and after the individual has moved into housing and accessible where the individual lives, as necessary.
- xiii) BTR Rapid Beginnings – A housing program that provides services to individuals and families ages 18 and over who are homeless as a result of the Great Flood of 2016. This program draws on the components of the Housing First and Rapid Rehousing Models.
- xiv) Transitional Living Center – Program provides emergency respite and system respite through residential and telephone crisis services to consumers with serious mental illness. Protecting the health, safety and welfare of consumers with serious mental illness is a primary concern of the program.
- xv) Safe Start – Program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.
- xvi) Safe Start II – This program is a transitional housing program designed to assist victims of domestic violence and/or sexual assault to relocate to a safe environment away from their abusers.
- xvii) Youthbuild - Program provides educational and vocational training to at risk youth. Participants work on educational goals and learn construction skills while working on community projects.
- xviii) ESG – Program provides support to homeless shelter (TLC), coordinated entry, and homeless outreach activities.
- xix) Starting Point – Program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless and disabled in Assumption Parish.
- xx) Region III HST – Program provides community based supportive services along with safe, affordable, permanent housing.
- xxi) Functional Family Therapy – Program provides the youth and/or families in need of intensive in-home therapy. This program focuses on assessment and intervention to

START CORPORATION

Notes to Financial Statements, Continued

address risk and protective factors within and outside of the family that impact the adolescent and his or her adaptive development.

xxii) Houma (SHP) – Program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.

xxiii) New Start for Veterans – A twelve unit complex serves as transitional housing for homeless Veterans. START staff works with the participants using a model that includes Motivational Interviewing, among other techniques, to help with reintegration into the community.

xxiv) Partners in Health – Program provides services and rental assistance to up to 100 chronically homeless clients with disabilities.

xxv) Unity Rosa F Keller, Unity Rapid Rehousing, Unity Williams – The purpose of this project is to provide case management and supportive services for homeless persons with mental illness in a low-demand setting. Supportive services will focus on gradually engaging the consumer in the rehabilitation process with the overall goal of the consumer attaining Medicaid.

e) Advertising Costs. Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. There were no advertising costs for June 30, 2017 or 2016.

f) Annual and Sick Leave. All full-time, full-year employees are eligible for annual leave, which is earned at a rate of 3.69 hours per two-week period, for a maximum of ninety-six hours (12 days) per year. Employees cannot accumulate more than 96 hours of annual leave at any given time. Annual leave vests to the employee and, accordingly, has been accrued as a liability in the statement of financial position.

All full-time, full-year employees are eligible for sick leave, which is earned up to a maximum of 96 hours per year. Employees cannot accumulate more 96 hours of sick leave at any given time. Upon termination, any unused sick leave is forfeited; therefore, no accrual has been made for unused sick leave.

g) Income Taxes. START is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provisions for income taxes have been made in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Tax, is generally subject to examination by the Internal Revenue Service for three years after the return was filed.

h) Cash and Cash Equivalents. For purposes of the statement of cash flows, START considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

START CORPORATION

Notes to Financial Statements, Continued

i) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

3) Cash Deposits

START maintains cash balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2017, START had deposit balances of \$403,120 in excess of FDIC coverage.

4) Notes Payable

START has a \$750,000 line of credit with Coastal Commerce Bank bearing interest at 5%. At June 30, 2017, START had a balance of \$443,364.

Long-Term Debt at June 30 follows:

	2017	2016
1% note payable to Terrebonne Parish Consolidated Government through August 1, 2022, collateralized by building and land. The note is payable in monthly installments of \$354 through August 1, 2022.	\$ 27,466	\$ 27,466
1% note payable to Terrebonne Parish Consolidated Government through August 1, 2022, collateralized by building and land. The note is payable in monthly installments of \$361 through August 1, 2022.	28,001	28,001
1% note payable to Terrebonne Parish Consolidated Government through March 1, 2023, collateralized by buildings and land. The note is payable in monthly installments of \$483 through March 1, 2023.	40,059	40,059
1% note payable to Terrebonne Parish Consolidated Government through January 1, 2029, collateralized by buildings and land. The note is payable in monthly installments of \$621 through January 1, 2029.	87,799	88,887

START CORPORATION

Notes to Financial Statements, Continued

	2017	2016
Two 0% notes payable to Terrebonne Parish Consolidated Government through December 12, 2044, collateralized by buildings and land. The project was completed in September 2014 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$392 through December 12, 2044. The remaining 50%, or \$140,316, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	268,693	273,384
0% note payable to Louisiana Housing Finance Agency through April 1, 2024, collateralized by a 12 unit housing complex located at 137 New Orleans Boulevard, Houma, LA. The note is payable as described below.	175,000	175,000
5.4% note payable to Ford Credit through August 31, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$599 through August 2018.	2,288	8,101
3.24% note payable to Ally Bank through September 30, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$395 through September 2018.	2,260	6,896
2.44% note payable to Ally Bank through September 30, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$241 through September 2018.	1,026	3,624
0% note payable to Terrebonne Parish Consolidated Government through January 1, 2047, collateralized by buildings and land. The project was completed in November 2015 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$916 through January 1, 2047. The remaining 50%, or \$329,688, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	642,892	653,884
0% note payable to Terrebonne Parish Consolidated Government through September 1, 2047, collateralized by buildings and land. The project was completed in November 2015 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$204 through September 1, 2047. The remaining 50%, or \$73,264, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	146,529	-
Total long-term debt	1,422,013	1,305,302
Less current portion	(27,916)	(36,624)
Long-term debt, net	\$ 1,394,097	\$ 1,268,678

Start constructed a twelve unit complex in 2010 which serves as transitional housing for homeless Veterans. The project was funded through a grant from the Department of Veterans Affairs, a

START CORPORATION

Notes to Financial Statements, Continued

\$125,000 direct subsidy from the Federal Home Loan Bank of Dallas' Affordable Housing Program and a \$175,000 note payable to the Louisiana Housing Finance Agency (Agency). Note payments to the Agency are due annually commencing April, 1, 2010 in the amount equal to 50% of Surplus Cash, provided, however, that all payments due hereunder shall be payable only out of and to the extent of the Surplus Cash to be determined by the Agency and after a cash distribution to Start of not more than \$10,000. If the Project has been maintained as safe, decent and sanitary affordable housing under the regulatory agreement, the balance of this note shall be forgiven on April 1, 2024 (the note's maturity date).

Future maturities of long-term debt follow:

2018	\$ 27,916
2019	22,410
2020	22,477
2021	22,546
2022	22,614
Thereafter	<u>1,304,050</u>
	<u>\$ 1,422,013</u>

Total interest incurred on long-term debt was \$35,349 and \$35,291 which was charged to interest expense for the years ended June 30, 2017 and 2016, respectively.

5) Temporarily Restricted Net Assets

Temporary restrictions on net assets at the June 30, 2017, relate to a direct subsidy received from the Federal Home Loan Bank of Dallas through its Affordable Housing Program (AHP) in the amount of \$125,000. The subsidy was used in the construction of a twelve unit complex in 2010 which serves as transitional housing for the homeless Veterans. A deed restriction was recorded on the property for a period of fifteen (15) years through January 21, 2025. The Project's rental units must remain occupied by and affordable for households with income at or below the levels committed to be served in the AHP Application for the duration of the Retention Period. The deed restriction contains certain restrictions should the property be sold or refinanced during the fifteen years.

6) Funding

START receives its principal funding through grants and contracts from the following agencies:

START CORPORATION

Notes to Financial Statements, Continued

	<u>2017</u>	<u>2016</u>
U. S. Department of Housing and Urban Development	\$ 2,916,933	\$ 1,880,795
U. S. Department of Veteran Affairs	788,599	762,356
U.S. Department of Health and Human Services	1,420,862	994,351
U.S. Department of Justice	433,325	129,512
U.S. Department of Labor	190,631	154,267
State of Louisiana	4,404,029	4,514,526
Terrebonne Parish Consolidated Government:	173,262	178,031
Other grants and revenue	368,339	-
	\$ 10,695,980	\$ 8,613,838

7) Operating Leases

START is leasing an office facility located at 4605 Highway 1, Napoleonville, Louisiana on a month-to-month basis. Monthly rent is \$850. This office is used to assist Assumption Parish clients qualifying for the supportive housing program. START anticipates leasing this office space in future months providing funding for the Starting Point program remains in place.

START is leasing an office facility located at 102 West 2nd Street, Thibodaux, Louisiana on a month-to-month basis. Monthly rent is \$950. This office is used to assist Lafourche Parish clients qualifying for the supportive housing program. START anticipates leasing this office space in future months providing funding remains in place.

START entered into a three year lease agreement for rental of office space located at 701 Loyola Ave., Suite 106, New Orleans, Louisiana beginning August 1, 2011 and ending July 31, 2017. The lease expense for this lease is \$2,247 monthly. This administrative office is used to assist Orleans Parish clients qualifying for the supportive housing program. The lease contains two additional three year terms. START may terminate this lease in the event its state funding is eliminated from the State of Louisiana Office of Aging and Adult Services by providing the Lessor 90 day's prior written notice.

START is leasing an office facility located at 228 St. Charles Avenue, New Orleans, Louisiana beginning April 1, 2015 and ending March 31, 2017. Beginning April 1, 2017, the location is leased on a month-to-month basis. Monthly rent is \$635. This office is used to serve as overflow workspace for case workers assisting Orleans Parish clients qualifying for the supportive housing program. START anticipates leasing this office space in future months providing funding remains in place.

The Company leases vehicles under operating leases expiring in various years through 2020. Minimum rental payments of approximately \$22,508 were included in lease expense for the year ended June 30, 2017.

Minimum future rental payments under operating leases having remaining terms in excess of one year as of June 30, 2017 are as follows:

START CORPORATION

Notes to Financial Statements, Continued

Years ending June 30,	Amount
2018	\$ 18,382
2019	4,258
2020	1,419
Total	<u>\$ 24,059</u>

8) Management, Bookkeeping Revenues and Related Parties

START entered into a management and bookkeeping agreement with Taddy Village, Inc., a not-for-profit corporation providing housing to mentally ill individuals in Houma, Louisiana. START provides management and bookkeeping services for \$500 plus 5% of Taddy Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for \$1,800 per month. Either party may terminate the agreement at any time with a thirty day notice. Revenues earned under this agreement amounted to \$45,766 and \$36,345 for the years ended June 30, 2017 and 2016, respectively. Certain board members of START are also board members of Taddy Village, Inc.

START entered into a management and bookkeeping agreement with Larke Village Inc. START provides management and bookkeeping services for \$200 plus 7% of Larke Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for \$750 per month. Either party may terminate the agreement at any time with a ninety day notice. Revenues earned under this agreement amounted to \$17,096 and \$15,710 for the years ended June 30, 2017 and 2016, respectively. Certain board members of START are also board members of Larke Village, Inc.

START is leasing an office facility located at 4605 Highway 1, Napoleonville, Louisiana on a month-to-month basis as discussed in note 7 from a related party. Lease expense was paid in the amount of \$11,050 for each of the years ended June 30, 2017 and 2016, respectively.

9) Employee Benefit Plan

START has a defined contribution salary deferral plan covering substantially all employees. Under the plan, START contributes three percent of each eligible employee's salary. Employer contributions for the year ended June 30, 2017 and 2016 were \$46,377 and \$45,507, respectively.

10) Commitments, Contingencies and Economic Dependency

START receives a substantial portion of its revenues from federal and state grants and contracts which are subject to audit by the federal or state grantor. The ultimate determination of amounts received under these programs generally is based on units of service provided or allowable costs reported to and audited by the applicable granting agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable cost and service reimbursement. Management is of the opinion that no material liability will result from such audits.

START CORPORATION

Notes to Financial Statements, Continued

11) Impact of Recently Issued Accounting Pronouncements

Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, was issued to introduce a comprehensive, principles-based framework for recognizing revenue. Existing standards for recognition of revenue from contributions by nonprofit organizations will be retained, but recognition of other types of revenue may be affected by the new standard. The ASU will be effective for years beginning after December 15, 2018. The impact of the implementation of this ASU on the START's financial statements has not been assessed at this time.

ASU 2016-02, *Leases*, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under current standards, along with disclosure of key information about leasing arrangements. The ASU will be effective for years beginning after December 15, 2019. The impact of the implementation of this ASU on the START's financial statements has not been assessed at this time.

ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The ASU will be effective for years beginning after December 15, 2017. The impact of the implementation of this ASU on the START's financial statements has not been assessed at this time.

12) Subsequent Events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 29, 2017, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION SECTION

START CORPORATION
Schedule of Program Revenues and Expenses
Year Ended June 30, 2017

	Fresh Start	Consumer Care	Shelter + Care	NOLA Shelter+Care	Jefferson Shelter+Care	Visions II GCTFS	Orleans Parish Housing Support Teams	The Network	TANF Homeless	Opportunity Center	SSVF	Basic Center Houma	Start FQHC
Revenues:													
Public support:													
Fees, grants and contract revenue	\$ 250,775	\$ 201,626	\$ 471,298	\$ 280,950	\$ 139,928	\$ 230,319	\$ 1,510,788	\$ 13,867	\$ 34,187	\$ 185	\$ 622,952	\$ 56,670	\$ 1,470,396
Contributions	-	-	-	-	-	-	-	-	-	5,083	-	-	10,000
	250,775	201,626	471,298	280,950	139,928	230,319	1,510,788	13,867	34,187	5,268	622,952	56,670	1,480,396
Other revenues:													
Program service and other fees	30,884	20	142	-	-	24,649	-	-	-	1,305	1,100	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	300
	30,884	20	142	-	-	24,649	-	-	-	1,305	1,100	-	300
Total revenues	281,659	201,646	471,440	280,950	139,928	254,968	1,510,788	13,867	34,187	6,573	624,052	56,670	1,480,696
Expenses:													
Salaries	64,939	4,642	24,051	21,145	20,783	70,359	1,024,512	11,341	19,486	-	287,623	42,001	475,429
Payroll taxes	4,144	344	1,858	1,620	1,620	5,802	79,172	870	1,427	-	22,322	3,334	36,536
Employee benefits	7,669	1,060	3,141	2,434	2,435	8,740	167,535	966	1,913	-	39,414	2,900	47,549
Total salary and related benefits	76,752	6,046	29,050	25,199	24,838	84,901	1,271,219	13,177	22,826	-	349,359	48,235	559,514
Bad debt	4,710	-	-	-	-	5,450	107,276	-	-	-	-	-	59,838
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	1,950
Client assistance	196,143	178,809	436,337	242,760	138,918	101,083	-	-	-	-	148,524	16,126	19
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	75	-	-	100	-	-	-
Insurance	7,228	27	8,491	110	110	4,279	54,512	61	134	4	17,656	1,117	20,274
Interest	-	-	-	-	-	-	239	-	-	-	-	-	-
Licenses, taxes and fees	-	-	-	-	-	-	-	-	-	-	-	-	4,958
Maintenance and repairs	1,312	-	789	-	-	933	3,815	-	-	125	1,125	83	12,106
Miscellaneous	148	-	-	-	-	92	335	-	-	-	123	93	1,480
Postage and delivery	9	-	6	-	70	22	461	-	20	-	24	-	113
Professional fees	17,225	-	2,669	-	-	16,472	21,439	1,140	-	-	36,965	433	490,744
Rent	-	-	-	-	-	-	4,601	-	6,545	-	24,748	-	-
Stipend	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and materials	510	16	1,222	11	-	535	12,088	-	750	2,534	1,119	1,596	45,258
Telephone	2,325	50	2,625	228	257	1,854	28,601	25	75	239	7,065	644	6,897
Training	572	-	12	12	12	155	14,267	-	-	32	4,667	548	5,838
Travel	1,807	4	740	691	871	2,551	37,067	34	206	-	7,001	1,767	6,840
Utilities	703	-	976	-	-	432	-	-	-	274	2,877	95	2,020
Total expenses before depreciation	309,444	184,952	482,917	269,011	165,076	218,759	1,555,995	14,437	30,556	3,308	601,253	70,737	1,217,849
Depreciation	-	-	-	-	-	-	13,326	-	-	599	-	-	9,405
Total expenses	309,444	184,952	482,917	269,011	165,076	218,759	1,569,321	14,437	30,556	3,907	601,253	70,737	1,227,254
Excess (deficiency) of revenues over expenses	\$ (27,785)	\$ 16,694	\$ (11,477)	\$ 11,939	\$ (25,148)	\$ 36,209	\$ (58,533)	\$ (570)	\$ 3,631	\$ 2,666	\$ 22,799	\$ (14,067)	\$ 253,442

START CORPORATION
Schedule of Program Revenues and Expenses
Year Ended June 30, 2017

	Houma ACT	Starting Over	Housing Development	Warmline	Northshore	Baton Rouge Housing Support Teams	Beautiful Beginnings	BTR Rapid Beginnings	Transitional Living Center	Supportive Employment	Safe Start	Safe Start II	Youthbuild
Revenues:													
Public support:													
Fees, grants and contract revenue	\$ 7,435	\$ 248,279	\$ 24,273	\$ 36,000	\$ 36,890	\$ 1,100,975	\$ 83,775	\$ 395,073	\$ 125,579	\$ 14,650	\$ 112,516	\$ 196,661	\$ 433,325
Contributions	-	-	150	-	-	-	-	-	-	-	-	-	43
	7,435	248,279	24,423	36,000	36,890	1,100,975	83,775	395,073	125,579	14,650	112,516	196,661	433,368
Other revenues:													
Program service and other fees	-	16,177	138,266	-	-	-	-	-	17,243	-	24,418	12,060	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	16,177	138,266	-	-	-	-	-	17,243	-	24,418	12,060	-
Total revenues	7,435	264,456	162,689	36,000	36,890	1,100,975	83,775	395,073	142,822	14,650	136,934	208,721	433,368
Expenses:													
Salaries	8,897	83,397	36,835	37,533	-	752,162	71,519	69,049	84,387	1,212	23,963	46,276	189,862
Payroll taxes	525	7,268	2,874	2,932	-	57,073	5,537	5,085	6,598	93	1,885	3,616	14,501
Employee benefits	53	10,862	7	1,790	-	93,410	7,162	6,766	6,903	7	3,765	5,320	24,910
Total salary and related benefits	9,475	101,527	39,716	42,255	-	902,645	84,218	80,900	97,888	1,312	29,613	55,212	229,273
Bad debt	543	9,657	-	-	-	105,562	-	-	-	-	1,864	517	-
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Client assistance	-	72,044	1,604	-	35,163	-	-	287,822	350	-	83,999	146,911	2,565
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	125
Insurance	-	5,348	2,945	207	-	25,272	456	-	1,394	-	3,704	3,907	5,554
Interest	-	-	3,305	-	-	-	-	-	-	-	-	-	-
Licenses, taxes and fees	-	-	-	-	-	-	-	35	275	25	-	-	2,883
Maintenance and repairs	-	1,518	11,598	-	-	1,132	158	-	4,766	-	488	1,553	29,143
Miscellaneous	51	59	19	-	-	1,008	20	160	202	21	-	-	613
Postage and delivery	-	9	89	-	20	112	-	-	-	-	-	466	692
Professional fees	-	16,354	2,675	-	-	15,863	-	-	4,290	-	13,037	13,439	35,045
Rent	-	-	-	-	-	20,821	-	-	-	-	-	950	18,627
Stipend	-	-	-	-	-	-	-	-	-	-	-	-	63,023
Supplies and materials	80	784	5,236	-	-	13,649	-	-	8,459	-	643	4,279	34,750
Telephone	119	2,038	553	705	-	12,883	423	510	2,595	-	576	3,905	2,529
Training	-	47	271	-	-	974	106	-	319	390	7	2,526	2,841
Travel	232	5,110	484	287	-	36,235	-	3,977	155	-	1,587	3,273	3,851
Utilities	-	504	2,241	-	-	1,028	-	-	3,716	-	83	1,908	544
Total expenses before depreciation	10,500	214,999	70,736	43,454	35,183	1,137,184	85,381	373,404	124,409	1,748	135,601	238,846	432,058
Depreciation	-	-	15,804	-	-	-	-	-	3,739	-	-	-	-
Total expenses	10,500	214,999	86,540	43,454	35,183	1,137,184	85,381	373,404	128,148	1,748	135,601	238,846	432,058
Excess (deficiency) of revenues over expenses	\$ (3,065)	\$ 49,457	\$ 76,149	\$ (7,454)	\$ 1,707	\$ (36,209)	\$ (1,606)	\$ 21,669	\$ 14,674	\$ 12,902	\$ 1,333	\$ (30,125)	\$ 1,310

START CORPORATION
Schedule of Program Revenues and Expenses
Year Ended June 30, 2017

	ESG	Starting Point	Region III HST	Peer to Peer	Functional Family Therapy	Houma (SHP)	New Start for Veterans	Partners in Health	Unity Family Rapid	Unity Rosa F Keller	Unity Rapid Rehousing	Unity Williams	Unity Bridge
Revenues:													
Public support:													
Fees, grants and contract revenue	\$ 104,114	\$ 211,364	\$ 610,311	\$ 72,074	\$ 333,904	\$ 189,369	\$ 180,109	\$ 114,587	\$ 63,496	\$ 120,868	\$ 354,593	\$ 143,207	\$ 77,206
Contributions	-	-	-	-	5,000	-	-	-	-	-	-	-	-
	104,114	211,364	610,311	72,074	338,904	189,369	180,109	114,587	63,496	120,868	354,593	143,207	77,206
Other revenues:													
Program service and other fees	-	19,048	-	-	-	-	-	-	-	167	329	167	167
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	19,048	-	-	-	-	-	-	-	167	329	167	167
Total revenues	104,114	230,412	610,311	72,074	338,904	189,369	180,109	114,587	63,496	121,035	354,922	143,374	77,373
Expenses:													
Salaries	77,218	50,577	372,845	67,604	204,345	129,419	85,137	60,549	17,256	57,709	97,905	57,836	82,260
Payroll taxes	6,221	3,898	28,276	5,288	15,844	10,154	6,638	4,423	1,340	4,489	7,674	4,586	6,391
Employee benefits	8,111	2,595	55,392	8,560	27,235	18,659	2,971	6,632	1,252	5,039	16,731	8,149	14,001
Total salary and related benefits	91,550	57,070	456,513	81,452	247,424	158,232	94,746	71,604	19,848	67,237	122,310	70,571	102,652
Bad debt	-	5,603	75,348	-	85,648	38,925	-	570	-	7,702	17	6,047	140
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Client assistance	5,069	81,303	322	-	-	-	676	18,866	31,089	-	206,901	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	324	-	-	-	-	-	-	-	-	-
Insurance	1,772	4,099	18,580	768	797	757	2,292	-	21	2,641	9,323	2,449	2,282
Interest	-	-	-	-	-	-	571	-	-	-	-	-	-
Licenses, taxes and fees	-	-	-	-	78	-	-	-	-	-	-	-	-
Maintenance and repairs	2,484	917	3,271	267	-	-	24,652	-	-	91	33	17	19
Miscellaneous	28	62	435	49	76	167	-	348	288	-	49	22	-
Postage and delivery	66	10	-	-	-	-	-	2	-	43	43	36	36
Professional fees	4,180	15,972	15,876	1,018	13,987	14,064	11,708	-	-	7,664	726	7,592	1,735
Rent	-	11,050	12,350	-	-	-	-	2,708	-	-	-	3,308	3,932
Stipend	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and materials	3,897	448	12,272	835	988	431	12,588	351	6	349	256	212	1,266
Telephone	2,479	4,889	10,515	1,303	2,816	1,072	12,147	866	75	668	1,077	354	638
Training	19	47	1,525	41	40,454	2,002	112	651	-	82	183	46	150
Travel	26	853	18,689	813	8,240	7,009	1,202	576	215	292	1,532	455	2,488
Utilities	2,527	2,311	497	293	-	-	12,242	-	-	-	-	-	-
Total expenses before depreciation	114,097	184,634	626,193	87,163	400,508	222,659	172,936	96,542	51,542	86,769	342,450	91,109	115,338
Depreciation	-	-	2,183	-	-	-	28,236	-	-	-	4,804	3,295	-
Total expenses	114,097	184,634	628,376	87,163	400,508	222,659	201,172	96,542	51,542	86,769	347,254	94,404	115,338
Excess (deficiency) of revenues over expenses	\$ (9,983)	\$ 45,778	\$ (18,065)	\$ (15,089)	\$ (61,604)	\$ (33,290)	\$ (21,063)	\$ 18,045	\$ 11,954	\$ 34,266	\$ 7,668	\$ 48,970	\$ (37,965)

START CORPORATION
Schedule of Program Revenues and Expenses
Year Ended June 30, 2017

	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total All Services
Revenues:						
Public support:						
Fees, grants and contract revenue	\$ 21,406	\$ 10,695,980	\$ -	\$ -	\$ -	\$ 10,695,980
Contributions	-	20,276.00	-	-	-	20,276
	<u>21,406</u>	<u>10,716,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,716,256</u>
Other revenues:						
Program service and other fees	36,281	322,423	3,946	-	3,946	326,369
Other income	95	395	110	-	110	505
	<u>36,376</u>	<u>322,818</u>	<u>4,056</u>	<u>-</u>	<u>4,056</u>	<u>326,874</u>
Total revenues	<u>57,782</u>	<u>11,039,074</u>	<u>4,056</u>	<u>-</u>	<u>4,056</u>	<u>11,043,130</u>
Expenses:						
Salaries	2,952	4,835,015	19,376	-	19,376	4,854,391
Payroll taxes	267	372,525	6,849	-	6,849	379,374
Employee benefits	-	622,038	4,812	-	4,812	626,850
	<u>3,219</u>	<u>5,829,578</u>	<u>31,037</u>	<u>-</u>	<u>31,037</u>	<u>5,860,615</u>
Total salary and related benefits						
Bad debt	-	515,417	162	-	162	515,579
Bank charges	-	1,950	927	-	927	2,877
Client assistance	1,460	2,434,863	148	-	148	2,435,011
Donations	-	-	148	-	148	148
Dues and subscriptions	-	624	3,248	-	3,248	3,872
Insurance	7,367	215,938	8,223	-	8,223	224,161
Interest	-	4,115	31,234	-	31,234	35,349
Licenses, taxes and fees	-	8,254	3,481	-	3,481	11,735
Maintenance and repairs	12,623	115,018	15,471	-	15,471	130,489
Miscellaneous	406	6,354	437	-	437	6,791
Postage and delivery	-	2,349	2,024	-	2,024	4,373
Professional fees	1,750	784,062	21,084	-	21,084	805,146
Rent	-	109,640	86	-	86	109,726
Stipend	-	63,023	-	-	-	63,023
Supplies and materials	4,589	172,007	20,709	-	20,709	192,716
Telephone	3,803	120,423	5,963	-	5,963	126,386
Training	660	79,568	3,728	-	3,728	83,296
Travel	614	157,774	3,937	-	3,937	161,711
Utilities	11,393	46,664	2,977	-	2,977	49,641
	<u>47,884</u>	<u>10,667,621</u>	<u>155,024</u>	<u>-</u>	<u>155,024</u>	<u>10,822,645</u>
Total expenses before depreciation						
Depreciation	18,019	99,410	7,099	-	7,099	106,509
Total expenses	<u>65,903</u>	<u>10,767,031</u>	<u>162,123</u>	<u>-</u>	<u>162,123</u>	<u>10,929,154</u>
Excess (deficiency) of revenues over expenses	<u>\$ (8,121)</u>	<u>\$ 272,043</u>	<u>\$ (158,067)</u>	<u>\$ -</u>	<u>\$ (158,067)</u>	<u>\$ 113,976</u>

START CORPORATION

Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer

Year Ended June 30, 2017

Agency Head Name: Casey Guidry, Executive Director

Purpose	Amount
Salary	\$ 156,189
Benefits-insurance	6,309
Benefits-retirement	4,686
Benefits-other	309
Car allowance	-
Vehicle provided by government	1,147
Per diem	-
Reimbursements	-
Travel	1,735
Registration fees	-
Conference travel	3,248
Continuing professional education fees	-
Housing	-
Unvouchered expenses*	-
Special meals	785

SUPPLEMENTARY FINANCIAL REPORTS

START CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Direct Payments:</u>			
Continuum of Care (Fresh Start)	14.267	LA0143L6H081508	\$ 221,411
Continuum of Care (Starting Over)	14.267	LA0147L6H081508	157,749
Continuum of Care (Safe Start)	14.267	LA0146L6H081508	91,503
Continuum of Care (Starting Point)	14.267	LA0148L6H081508	167,866
Continuum of Care (Visions II GCTFS)	14.267	LA0150L6H081508	<u>178,540</u>
			<u>817,069</u>
<u>Pass through payments from UNITY of Greater New Orleans, Inc. (UNITY)</u>			
Continuum of Care (Rosa F. Keller)	14.267	LA0162L6031503	63,321
Continuum of Care (Unity Rapid Rehousing)	14.267	LA006L6H031508	354,313
Continuum of Care (Unity Bridge)	14.267	LA00066L6H031508	76,449
Continuum of Care (Unity Williams)	14.267	LA0185L6H031503	108,326
Continuum of Care (NOLA Shelter + Care)	14.267	LA0086L6H031508	280,950
Continuum of Care (Unity Family)	14.267	LA0250L6H031504	63,496
Continuum of Care (Partners in Health)	14.267	LA0250L6H031500	<u>109,820</u>
			1,056,675
<u>Pass through payments from Louisiana Housing Corporation</u>			
Emergency Solutions Grant Program	14.231		395,073
Continuum of Care (Shelter + Care)	14.267	LA0001L6H091502	471,298
Continuum of Care (Northshore)	14.267	LA0001L6H091502	<u>36,890</u>
			903,261
<u>Pass through payments from Jefferson Parish Housing Authority</u>			
Continuum of Care (Jefferson Shelter + Care)	14.267	LA0085L6H031508	<u>139,928</u>
Total U.S. Department of Housing and Urban Development			<u>2,916,933</u>
<u>U.S. Department of Justice</u>			
<u>Direct Payments:</u>			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		<u>190,631</u>
Total U.S. Department of Justice			<u>190,631</u>
<u>U.S. Department of Labor</u>			
<u>Direct Payments:</u>			
Youthbuild	17.274		<u>433,325</u>
Total U.S. Department of Labor			<u>433,325</u>
<u>U.S. Department of Veterans Affairs</u>			
<u>Direct Payments:</u>			
VA Homeless Providers Grant and Per Diem Program (New Start for Veterans)	64.024		165,647
VA Supportive Services for Veteran Families Program	64.033		<u>622,952</u>
			<u>788,599</u>
Total U.S. Department of Veterans Affairs			<u>788,599</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Direct Payments:</u>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150		49,426
<u>Direct Payments:</u>			
Consolidated Health Center Program	93.224		1,072,484
<u>Direct Payments:</u>			
The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease	93.536		42,500
<u>Direct Payments:</u>			
Temporary Assistance for Needy Families	93.558		34,187
<u>Direct Payments:</u>			
Basic Center Grant	93.623		56,670
<u>Direct Payments:</u>			
Block Grant for Community Mental Health Services (Transitional Living Center)	93.958	707408	50,735
Block Grant for Community Mental Health Services (Consumer Care)	93.958	2000206766	<u>114,860</u>
			<u>165,595</u>
Total U.S. Department of Health and Human Services			<u>1,420,862</u>
Total Expenditures of Federal Awards			<u>\$ 5,750,350</u>

The accompanying notes are an integral part of this schedule.

START CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Notes to Schedule of Expenditures of Federal Awards

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of START Corporation under programs of federal government for the year ended June 30, 2017. 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 START Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of START Corporation.

Note B. Summary of Significant Accounting Policies

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 and/or OMB Circular A0122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C. Indirect Cost Rate

START Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D. Passed through to subrecipients

There were no awards passed through to subrecipients.

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
START Corporation
Houma, 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 START Corporation (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered START Corporation'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 START Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether START Corporation'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*.

START's Response to Findings

START's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. START'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.

Houma, Louisiana
December 29, 2017

A handwritten signature in blue ink that reads "Lanoux & Felger". The signature is written in a cursive, flowing style.

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

To the Board of Directors
START Corporation
Houma, Louisiana

Report on Compliance for Each Major Federal Program

We have audited START Corporation's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of START Corporation's major federal programs for the year ended June 30, 2017. START Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statues, 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 START Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 START Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, START Corporation 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, 2017.

Report on Internal Control over Compliance

Management of START Corporation 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 START Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order 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 START Corporation's internal control over compliance.

A deficiency in internal control over compliance 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

START Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. START Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Houma, Louisiana
December 29, 2017



START CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of START Corporation were prepared in accordance with GAAP.
2. One significant deficiency relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of START Corporation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over its major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for START Corporation expresses an unmodified opinion on its major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs for START Corporation included:

Name of Federal Program	CFDA Number
U.S. Department of Housing and Urban Development - Continuum of Care Program	14.267
U.S. Department of Health and Human Services Consolidated Health Center Program	93.224

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. START Corporation did qualify as a low-risk auditee.

START CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

B. FINDINGS – FINANCIAL STATEMENT FINDINGS / C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Internal Control Over Compliance

2017-001 Payroll Process

CONDITION: Start Corporation has sustained continued growth in programing services it offers over the past several years. Internal controls over the payroll process should be strengthened to keep pace with this growth.

CRITERIA: The Organization should have a payroll system in place that captures employee time and allocates payroll based on time worked in each functional area during the payroll period. This system should include management or supervisory review and approval to insure time is accurately entered and allocated to appropriate programing services or other functional areas, such as general and administrative expense.

CAUSE: The payroll system and methodology may not be keeping pace with the Organization's growth requiring management to spend additional time in post review and adjustments.

EFFECT: Weak internal controls over payroll may not allow management to detect and correct misstatements on a timely basis.

RECOMMENDATION: We recommend management review its payroll process and strengthen controls to match the size and complexity of the organization.

REPORTS BY MANAGEMENT

START CORPORATION
MANAGEMENT CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

2017-001 Payroll Allocation Process

Recommendation: We recommend management review its payroll process and strengthen controls to match the size and complexity of the organization.

Views of Responsible Officials and Planned Corrective Actions: START is in the process of implementing new accounting software that will streamline and improve several accounting functions, including payroll.

Section II –Internal Control Over Compliance Material to Federal Awards

2017-001 Payroll Allocation Process

Recommendation: We recommend management review its payroll process and strengthen controls to match the size and complexity of the organization.

Views of Responsible Officials and Planned Corrective Actions: START is in the process of implementing new accounting software that will streamline and improve several accounting functions, including payroll.

Section III – Management Letter

No management letter was issued for June 30, 2017.

START CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

2016-001 Documentation of American Express Expenditures Charged to General and Administration Expense.

Condition: American Express purchases totaling \$1,184 were not properly Documented. These expenses were charged to general and administrative.

Current Status: Finding Resolved.

2016-002 Loan payable

Condition: Loan payable for construction of Magnolia Loft was recorded as revenue in 2015 and 2014 in the amount of \$171,362 and \$488,015

Current Status: Finding Resolved.

Section II –Internal Control Over Compliance Material to Federal Awards

2016-003 Reporting

Condition: While conducting test of matching for the Continuum of Care Program, we were unable to reconcile federal financial reports to the General Ledger. Files contained adequate documentation needed for reimbursement; however a reconciliation of the expenses matching to the general ledger did not exist.

Current Status: Finding Resolved.

Section III – Management Letter

No management letter was issued for the year ending June 30, 2016.

AGREED-UPON PROCEDURES REPORT
START Corporation

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2016 - June 30, 2017

To the Board Members of
START Corporation and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by START Corporation (a nonprofit organization) 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 July 1, 2016 through June 30, 2017. START Corporation'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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts***, including receiving, recording, and preparing deposits.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, not applicable to nonprofits.
- j) **Debt Service**, not applicable to nonprofits.

Results: The policies of START Corporation address all of the functions listed, with the following exceptions. Policies for 1(a), budgeting, do not appear to address the amending process. Policies for 1(b), purchasing, do not appear to address how purchases are initiated, how vendors are added to the vendor list and the preparation and approval process of purchase requisitions. Policies for 1(d), receipts, do not appear to address the recording process. Policies for 1(e), payroll/personnel, do not appear to address reviewing and approving time and attendance records, including leave and overtime worked. Policies for 1(f), contracting, do not appear to address types of services requiring written contracts, legal review and approval process. Policies for 1(g), credit cards, do not appear to address the required approvers. Policies for 1(h), travel and expense reimbursement, do not appear to address allowable expenses, dollar thresholds by category of expense, and the required approvers.

Management's Response: START's management team will work on drafting the needed policies and procedures and present them to the Board of Directors for approval.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: START Corporation met at least monthly. The minutes reference budget-to-actual comparisons on the entity. The minutes reference approvals of bids, contracts and material purchases.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected one bank account and obtained bank statements and reconciliations. Criteria 4(a) and 4(b) were met without exception. While performing procedure 4(c), we noted that this bank account had no documentation reflecting that management researched reconciling items that were outstanding more than six months as of the end of the fiscal year.

Management's Response: START's accounting staff will reconcile all bank accounts within 30 days of receiving the statement.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating

controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We selected one collection location for testing. Each person responsible for collecting cash is bonded. Duties were not segregated per the policy, and the policy does not address whether employees collecting cash are not required to share the same cash register or drawer with another employee. START Corporation has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. While performing procedure 6(c), we noted that of the 3 deposits tested, 1 was not deposited the same or next day. For the one not deposited the same or next day, the number of days from receipt to deposit was 3 days.

Management's Response: START's management team will work on amending the related policies and procedures and present them to the Board of Directors for approval. Accounting staff will make all deposits within 48 hours of receipt of funds.

- 7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and program fund additions by a person who is not responsible for collections.

Results: START Corporation has a process specifically defined to determine completeness of all collections for each revenue source and program fund additions by a person who is not responsible for collections.

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

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained from management the general ledger and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. While performing procedures 9(a), 9(b), and 9(c), we noted that no purchase order system is in place.

10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The person primarily responsible for processing payments has the ability to add vendors to START Corporation's purchasing disbursement system.

Management's Response: START's management team will work on developing a purchase order policy and procedure and present it to the Board of Directors for approval. Once approved, START staff will implement the procedure. START staff will begin segregating the duties of payment, processing and adding vendors.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Procedures state the checks should remain in a locked location. We observed checks were not in a locked location.

Management's Response: Accounting staff will begin locking checks in a filing cabinet.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions were identified as a result of these procedures.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained from management a listing of all active credit cards, bank debit cards and fuel cards including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: There was no evidence that the monthly combined statements and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. A finance charge and late fee of \$393.65 were assessed on one of the selected combined statements.

Management's Response: START's management team will work on amending the related policies and procedures and present them to the Board of Directors for approval. Once approved, START staff will implement the amended procedures.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Procedure 16(a) - For the active credit cards, documentation of the business/public purpose was not provided, and 3 receipts were missing. For the fuel cards selected for testing, there were no itemized receipts or documentation of the business/public purpose of each individual fuel charge. However, START Corporation's policy does not require the cardholders to remit receipts for each charge due to the detailed statements provided by the fuel card merchant/vendor which reports the type of fuel purchased, number of gallons purchased, odometer readings on the vehicles, etc. Additionally, no receipt was provided for a non-fuel transaction.

Procedures 16(b) and 16(c) were not applicable.

Management's Response: START's management team will work on amending the related policies and procedures and present them to the Board of Directors for approval. Once approved, START staff will implement the amended procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained from management a listing of all travel and related expense reimbursements. We obtained management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: START corporation does not have written policies related to travel and expense reimbursements.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting

documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Mileage expense was tested for the three persons selected and supported by itemized travel and expense forms. All charges tested were approved by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For the selected contract, a formal written contract supports the arrangement and the amounts paid. The contract is not subject to public bid law and does not have supporting documentation to demonstrate that START solicited quotes as a best practice. No amendments to contracts were noted. For the largest payment, the supporting invoice and related payment complied with the terms and conditions of the contract. The contract was properly approved according to START Corporation's policy.

Management's Response: START used best business practices in determining if the contract was acceptable. There were no comparable vendors who provide this service in the local region.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. Payments were made in strict accordance with the terms and conditions of the pay rate structure for four of the five employees selected. For the period selected, one employee was paid 8 hours in addition to their 80 hour regular pay. Changes made during the fiscal period were approved in writing and in accordance with the written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. For procedure 23(a), all employees selected documented their daily attendance and leave on a request sheet provided by START Corporation. For procedure 23(b), vacation and sick leave was approved in writing on the request sheet. For procedure 23(c), we noted that START Corporation maintained leave records on those employees through their payroll system.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. During our testing, we noted that one employee was overpaid by 12.3 hours at a rate of \$21 per hour. The two largest termination payments made during the fiscal period were made in strict accordance with policy and were approved by management.

Management's Response: START will implement a new payroll process in 2018 that will eliminate errors.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

Procedures 26 and 27 not applicable to nonprofits.

Debt Service (excluding nonprofits)

Procedures 28 through 30 are not applicable to nonprofits.

Other

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

Results: We inquired of management whether START Corporation had any misappropriations of public funds or assets. Management reported the entity has not had any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: 32. START Corporation has posted on its premises and website the notice required by R.S. 24:523.1.

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

Results: No exceptions were identified as a result of these procedures.

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.

Houma, Louisiana
December 29, 2017

