

SPARK Life Services
Financial Statements
For the year ended June 30, 2019

SPARK Life Services
For the year ended June 30, 2019

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WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SPARK Life Services ("Association"), which comprise the statement of financial position as of and for the year ended June 30, 2019, and the related statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

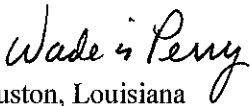
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association, as of June 30, 2019, and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2019, on our consideration of the Company'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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.


Ruston, Louisiana
December 5, 2019

SPARK Life Services
Statement of Financial Position
As of June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$112,652
Accounts receivable	49,158
Inventories	2,475
Prepaid expenses	0
Total current assets	<u>164,285</u>

Noncurrent assets:

Property, buildings, furniture & equipment, net of accumulated depreciation	119,025
Deposits	704
Total noncurrent assets	<u>119,729</u>

Total Assets	<u>\$284,014</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$3,352
Payroll withholdings payable	1,211
Accrued salaries	24,251
Note payable - line of credit	35,922
Total current liabilities	<u>64,736</u>

Net assets:

Without donor restrictions	219,278
With donor restrictions	0
Total net assets	<u>219,278</u>

Total Liabilities and Net Assets	<u>\$284,014</u>
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See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Activities
For the Year Ended June 30, 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS:

Public Support and Revenue

Public Support:

State contracts	\$469,007
State grants	0
Contributions	58
Total Public Support	<u>469,065</u>

Revenue:

Work center sales	39,307
Group home fees	27,900
Fundraising income	988
Membership dues	60
Other income	145
Total Revenue	<u>68,400</u>
Total Public Support and Revenue	<u>537,465</u>

Expenses and Losses

Adult services	22,768
Work center	163,410
General and administrative	326,084
Total Expenses	<u>512,262</u>
Operating income	25,203
Gain (loss) on sale of assets	<u>0</u>
Change in net assets	25,203
Net assets as of beginning of year	<u>194,075</u>
Net assets as of end of year	<u>\$219,278</u>

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from Operating activities

Increase in net assets	\$25,203
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	12,782
(Increase) decrease in operating assets:	
Accounts receivable	(9,002)
Inventories	(405)
Other assets	0
Increase (decrease) in operating liabilities:	
Accounts payable	(385)
Payroll withholdings payable	(437)
Accrued liabilities	0
Net cash provided by operating activities	<u>27,756</u>

Capital and related financing activities

Cash payments for principal	(12,305)
Sale of fixed assets	0
Cash payments for the purchase of property	<u>(1,310)</u>
Net cash provided by investing activities	(13,615)

Noncapital and related financing activities

None	<u>0</u>
Net increase (decrease) in cash and cash equivalents	14,141
Cash and cash equivalents as of beginning of year	<u>98,511</u>
Cash and cash equivalents as of end of year	<u>\$112,652</u>

Supplemental Disclosures:

Cash paid during the year for interest	<u>\$2,442</u>
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See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Notes to the Financial Statements
For the year ended June 30, 2019

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the SPARK Life Services, in Sarepta, LA. The Association was originally incorporated as a non-profit corporation in accordance with Louisiana Revised Statutes (1950) 12:101-12:155 on October 12, 1961 as the Springhill Association for Exceptional Children. The Association shall enjoy a corporate existence of ninety-nine (99) years. The Association was organized without capital stock with membership evidenced by non-transferable certificates of membership. Each holder of a certificate of membership shall be entitled to one (1) vote.

On March 19, 1965, the charter of the Association was amended changing the name of the Association to the Springhill Association of Retarded Citizens with the following stated purposes:

- * To promote the general welfare of all individuals with mental or physical disabilities.
- * To foster the development of programs in their behalf.
- * To encourage research related to mental retardation.
- * To develop a better understanding of the problems of mental retardation by the public.
- * To cooperate with all public and private groups, agencies, or organizations in the furtherance of these ends.
- * To associate with and support financially the state and national components of the Association to promote the common cause.
- * To serve locally as a clearinghouse for information on mental retardation and its associated problems.
- * To solicit funds for the accomplishment of the above purposes.

The Association shall be administered and directed by a rotating board of directors consisting of no more than fifteen (15) members, each holding office for a term of three (3) years with five (5) directors retiring each year.

On February 23, 1994, the articles of incorporation were amended to change the name of the Association to The ARC of North Webster. On November 4, 2013, the articles of incorporation were amended to change the name of the Association to SPARC Life Services. On January 4, 2019 the articles of incorporation were amended to change the name of the Association to SPARK Life Services.

The Association provides the following services:

Day Habilitation Services are provided to individuals eighteen years old and older that focus on socialization and meaningful age appropriate activities which provide enrichment and promote wellness, as indicated in their person-centered plan.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

Supported Employment Services are conducted in a variety of settings, particularly work sites in which persons without disabilities are employed. Supported employment includes activities needed to sustain paid work by individuals receiving waiver services, including supervision and training.

EPSDT - Attendant services for individuals who are under 21 years of age who are Medicaid eligible and are on the MR/DD Waiver Request for Services Registry.

Long Term Care-Personal Care Services are provided through Louisiana Medicaid for individuals who need assistance with tasks to perform activities of daily living and instrumental tasks of daily living.

Elderly and Disabled Adult Services are available to eligible individuals in their home who demonstrate an inability or impairment to perform self-care activities such as bathing, grooming, food preparation, general household tasks and other activities of daily living.

NOW Waiver Services - Individual Family Supports are direct services provided day or night and assist individuals ages three and older for the relief of the care giver, in and out of the individual's residence, to achieve and/or maintain the outcomes of increased independence, productivity, enhanced family functioning, and inclusion in the community based on his/her person-centered plan.

Supervised Independent Living is also known as companion care services which are delivered in the individual's residence.

CCW is an in-home service where care giver goes to the home and takes care of individuals.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

The System has adopted FASB Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the System is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions - based on the existence or absence of donor-imposed restrictions. It also requires all nonprofit organizations to provide information about expenses by both their natural classification and functional classification. In addition, the System is required to present a statement of cash flows.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

D. Cash Equivalents

The Association considers deposits with financial institutions that can be redeemed on demand and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are composed of certificates of deposit with financial institutions having original maturities in excess of three months when purchased and marketable equity securities. The Association accounts for investments at fair value in accordance with FASB ASC 958 (formerly SFAS 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

F. Uncollectible Receivables

The Association uses the allowance method to account for uncollectible accounts receivable.

G. Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out method.

H. Support and Revenue

Annual membership fees and gifts of goods and equipment are recorded as unrestricted support as received unless explicit donor stipulations specify how the donated assets must be used.

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

I. Property, Buildings, Furniture, and Equipment

Property, buildings, furniture, and equipment are capitalized at cost. The Association capitalizes assets which have a material cost and a useful life of one year or greater. Lesser amounts, minor

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

replacements, maintenance and repairs are expensed as incurred. When property, buildings, furniture, and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. The Association maintains a threshold level of \$200 or more for capitalizing capital assets.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Buildings	20	years
Furniture and equipment	5-10	years

J. Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. The Association allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

K. Estimates

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

L. Advertising Costs

Advertising and sales promotion costs are expensed as incurred.

M. Financial Instruments

The Association's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and note payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, and note payable approximate their fair values based on their short-term nature.

2. Cash and Cash Equivalents

At June 30, 2019, the Association has cash and cash equivalents (book balances) totaling \$112,652 as follows:

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

Demand deposits	\$112,291
Petty cash	<u>361</u>
Total	<u>\$112,652</u>

The Association maintains cash and cash equivalents in two accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000. At June 30, 2019, the Association had collected bank balances on deposit totaling \$112,435 which was fully secured by FDIC insurance.

3. Receivables

Trade receivables that management has the intent and ability to hold to maturity are accounted for at the outstanding principal amount, less any related allowance for doubtful receivables. Accounts receivable at June 30, 2019 are as follows:

Customer trade accounts	\$3,325
Adult day services - sponsoring home	0
State grants	0
State contracts	<u>45,833</u>
	49,158
Allowance for doubtful accounts	<u>0</u>
Total	<u>\$49,158</u>

4. Inventories

Inventories, consisting of candles, balloons, foodstuffs, and other miscellaneous items located at the bakeshop; and paper, office supplies, and other miscellaneous items located at the print shop are stated at the lower of cost (first-in, first-out) or market as of June 30, 2019:

Bake shop	\$1,146
Print shop	<u>1,329</u>
Total	<u>\$2,475</u>

5. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid expenses.

6. Property, Buildings, Furniture and Equipment

As of June 30, 2019, property, buildings, furniture and equipment consist of:

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

Land	\$5,000
Automobiles	93,273
Buildings and additions	326,501
Furniture and equipment	<u>236,073</u>
Subtotal	660,847
Less accumulated depreciation	<u>(541,822)</u>
Total	<u>\$119,025</u>

Depreciation expense totaled \$12,782 for the year ended June 30, 2019.

7. Line of Credit and Borrowings

The Association has a revolving line of credit with a maximum borrowing limit of \$95,000. The credit line is secured by a first mortgage on property located at 24556 Highway 371 in Springhill, Louisiana. The line of credit is payable upon demand, bears a variable interest rate and matures July 4, 2019. As of June 30, 2019, the Association had an outstanding balance of \$35,922 on this obligation with interest accruing at a rate of 5.5%

8. Income Taxes

The Association is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, except for taxes on unrelated business income. The Association is classified as other than a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

9. Contingencies and Concentrations

The Association is not currently named as defendant in any current or pending litigation. The Association's primary source of revenue (87%) is through service contracts with Medicaid and Medicare. Reductions in the rates paid for contracted services or loss of these contracts would adversely affect the Association.

10. Compensated Absences

Association employees are required to take vacation during the two weeks that SPARK is closed each year. Employees are granted 15 days every July 1 and does not accumulate after each year end and is forfeited upon termination. Therefore, no accrual for compensated absences has been reported in the financial statements.

11. Compensation paid to board members

Members of the Board of directors participate on a voluntary basis and receive no compensation for their services.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2019

12. Related party transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended June 30, 2019.

13. Date of Management Review

Subsequent events have been evaluated through December 5, 2019, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTAL DATA

SPARK Life Services
Schedule of Functional Expenses
For the Year Ended June 30, 2019

	Program Services		Supporting Services	
	Work Center	Adult Services	General & administrative	Total
Advertising			\$1,741	\$1,741
Cost of goods sold	\$16,377			16,377
Depreciation	6,391	\$3,195	3,196	12,782
Dues and subscriptions			682	682
Insurance			36,919	36,919
Interest expense			2,442	2,442
Licenses and permits			800	800
Miscellaneous			6,209	6,209
Office expenses			544	544
Payroll taxes		11,311	16,966	28,277
Professional services			14,618	14,618
Repairs and maintenance			2,720	2,720
Salaries		138,506	207,760	346,266
Supplies			11,863	11,863
Telephone			6,623	6,623
Transportation expense		10,398	4,339	14,737
Utilities			8,662	8,662
Total Expenses	<u>\$22,768</u>	<u>\$163,410</u>	<u>\$326,084</u>	<u>\$512,262</u>

SPARK Life Services
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Schedule 2

Agency Head Name: Charlotte Thomas

Purpose	Amount
Salary	\$20,271
Reimbursements	858

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Certified Public Accountants

A Professional Accounting Corporation

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

Independent Auditor's Report

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

We have audited, 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, the consolidated financial statements of SPARK Life Services as of and for the year ended June 30, 2019, and the related notes to the consolidated financial statements, which collectively comprise the Association's consolidated financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Association'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses of 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. However, material weaknesses may exist that have not been identified. We did not identify certain deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

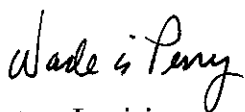
As part of obtaining reasonable assurance about whether Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*.

Entity's Response to Findings

The Association's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Association'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ruston, Louisiana
December 5, 2019

SPARK Life Services
Summary of Prior Year Findings
For the Year Ended June 30, 2019

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

SPARK Life Services
Schedule of Findings And Responses
For the Year Ended June 30, 2019

We have audited the financial statements of SPARK Life Services as of and for the year ended June 30, 2019, and have issued our report thereon dated December 5, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant deficiency ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance
For Major Programs

Unqualified ☐ Qualified ☐
Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Uniform Guidance?
☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the audited a "low-risk" audited, as defined by Uniform Guidance? ☐ Yes ☒ No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

WADE & PERRY

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A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of SPARK Life Services and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by SPARK Life Services (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

No exception

- 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.

No exception

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

- c) **Disbursements**, including processing, reviewing, and approving

No exception

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception

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

No exception

- 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

No exception

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

No exception

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

No exception

- i) **Ethics**², including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exception

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

The entity did not have written policies and procedures for debt service.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity did not have written policies and procedures for disaster recovery or business continuity.

Board or Finance Committee³

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception

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

The entity is a non-profit.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of bank accounts for the fiscal period and management's representation that the listing is complete.

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

No exceptions

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions

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

No exceptions

Collections (excluding EFTs)⁶

No prior year exceptions

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

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

Obtained a listing of locations that process payments and management's representation that the listing is complete.

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

Obtained a listing of all employees involved with non-payroll purchasing and payments functions and observed that:

⁶ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions

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

No exceptions

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions

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

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

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

No exceptions

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

No exceptions

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards⁷. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing is complete

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

⁷ Including credit cards used by school staff for either school operations or student activity fund operations.

Randomly selected 5 cards, then randomly selected one month as the ending statement date for all 5 cards

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Observed no evidence monthly statements were reviewed and approved by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)⁸.

Obtained supporting documentation for at least 10 transactions, or all of them if less than 10 transactions.

For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased,

No exceptions

- (2) written documentation of the business/public purpose, and

Observed documentation of business/public purpose for 6 of 13 total transactions

- (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable

Travel and Travel-Related Expense Reimbursements⁹ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement

⁸ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

⁹ Non-travel reimbursements are not required to be tested under this category.

forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a list of all travel related expense reimbursements and management's representation that the list is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions

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

Not applicable

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions

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

No exceptions

Contracts

No prior year exceptions

Payroll and Personnel

No prior year exceptions

Ethics¹⁰

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹¹, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Observed documentation that three of 5 employees completed one hour of ethics training.

¹⁰ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹¹ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Did not observe documentation through signature verification that each employee/official verified that he or she had read ethics policy.

Debt Service¹²

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

Not applicable

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

No exceptions

Other

No prior year exceptions

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.

Wade & Perry
Ruston, LA

December 5th, 2019

¹² This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

SPARK Life Services
PO Box 351
Sarepta, LA 71071

December 5, 2019

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2019 AUP report submitted for SPARK Life Services.

WRITTEN POLICIES AND PROCEDURES

1. j) Debt Service
Management has this policy pending board approval.
- k) Disaster recovery/business continuity
Management has this policy pending board approval.

CREDIT CARDS/DEBIT CARDS, ETC.

12. a) Management will work toward implementing checks and balances for this procedure.
13. a) Management will work toward documenting business purpose for all transactions.

ETHICS

20. a) Management will work toward having all employees completing and documenting ethics training.
- b) Management will work toward having all employees document this.