

Empower 225
Baton Rouge, Louisiana
Annual Financial Report
December 31, 2018

Empower 225
Baton Rouge, Louisiana
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December 31, 2018

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DAVID A DOMINIQUE, LLC
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Independent Auditor's Report

To the Board of Directors
Empower 225
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Empower 225 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Empower 225 as of December 31, 2018, the changes in its net assets, the statement of functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 June 28, 2019, on our consideration of Empower 225'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 on 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 Empower 225's internal control over financial reporting and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique, LLC
Denham Springs, Louisiana
June 28, 2019

Financial Statements

Empower 225
Baton Rouge, Louisiana
Statement of Financial Position
December 31, 2018

Assets

Current Assets	
Cash and cash equivalents, without donor restrictions	83,009
Grants receivable, without donor restrictions	66,564
Accrued revenue, without donor restrictions	8,678
Prepaid Insurance	<u>5,098</u>
Total Current Assets	163,349
Property and Equipment	
Building and Improvements	560,649
Leasehold improvements	81,461
Equipment	6,659
Vehicle	<u>43,023</u>
Less accumulated depreciation	<u>(148,879)</u>
Total Property and Equipment	<u>542,913</u>
Total Assets	<u>\$ 706,262</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	5,999
Credit Cards	12,831
Payroll related liabilities	12,682
Accrued leave	10,060
Current portion of long-term debt	<u>29,151</u>
Total Current Liabilities	<u>70,723</u>
Long-Term Liabilities	
Note Payable	<u>280,091</u>
Total Liabilities	<u>350,814</u>
Net Assets	
Without donor restrictions	355,448
With donor restrictions	<u>-</u>
Total Net Assets	355,448
Total Liabilities and Net Assets	<u>\$ 706,262</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Activities
For the Year Ended December 31, 2018

	<u>Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 348,269	\$ -	\$ 348,269
Grants	30,000	-	30,000
Federal grant revenue	1,052,057	-	1,052,057
Foster care program income	71,964	-	71,964
In-kind revenues	217,985	-	217,985
Miscellaneous revenue	1,914	-	1,914
Total Revenues	<u>1,722,189</u>	-	<u>1,722,189</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	<u>20,005</u>	<u>(20,005)</u>	<u>-</u>
Total Revenues and Other Support	<u>1,742,194</u>	<u>(20,005)</u>	<u>1,722,189</u>
Expenses			
Program	1,327,246	-	1,327,246
Management and general	299,288	-	299,288
Fundraising	73,003	-	73,003
Total Expenses	<u>1,699,537</u>	<u>-</u>	<u>1,699,537</u>
Changes in Net Assets	42,657	(20,005)	22,652
Net assets, beginning of year	312,791	20,005	332,796
Net assets, end of year	<u>355,448</u>	<u>-</u>	<u>355,448</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program Services</u>		<u>Support</u>		<u>Total</u>
	<u>Anchor House,</u>		<u>Management</u>		
	<u>Foster Care & Transitional Living</u>	<u>Participant Support and Services</u>	<u>& General</u>	<u>Fundraising</u>	
Payroll & Other Related Expenses	175,711	637,234	203,434	47,746	1,064,125
Insurance	6,296	34,896	-	-	41,192
In-Kind Expenditures	-	168,110	46,800	3,075	217,985
Meetings Travel & Education	2,440	21,839	6,977	1,028	32,284
Professional Fees	-	-	26,041	-	26,041
Rent, Utilities, & Parking	-	30	-	2,644	2,674
Depreciation Expense	14,375	7,481	-	-	21,856
Miscellaneous	-	774	1,489	1,471	3,734
Office, Computer, and Other Supplies	12,199	26,910	14,547	15,816	69,472
Interest Expense	-	13,548	-	-	13,548
Outside Contract Services	-	36,018	-	1,223	37,241
Client Support & Related Program Expenses	21,734	105,020	-	-	126,754
Other Direct Program Expenses	18,904	23,727	-	-	42,631
Total Expenses	<u>251,659</u>	<u>1,075,587</u>	<u>299,288</u>	<u>73,003</u>	<u>1,699,537</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows From Operating Activities	
Change in net assets	\$ 22,652
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	21,856
Net (Increase) Decrease in:	
Accounts Receivable	19,672
Accrued Revenue	(8,678)
Prepaid insurance	3,614
Net Increase (Decrease) in:	
Accounts payable and credit card liabilities	(5,760)
Payroll related liabilities	(32,205)
Accrued leave	<u>464</u>
Net Cash provided in Operating Activities	<u>21,615</u>
Cash Flow From Investing Activities	<u>-</u>
Net Cash Used in Investing Activities	<u>-</u>
Cash Flows from Financing Activities	
Principal payments on note payable	<u>(16,399)</u>
Net Cash Used in Financing Activities	(16,399)
Net Change in Cash and Cash Equivalents	5,216
Cash and Cash Equivalents - Beginning of Year	77,793
Cash and Cash Equivalents - End of Year	83,009
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	13,548

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

Introduction

Empower 225 is a not-for-profit organization founded in September 2010 (initially as Healing Place Serve, see Note 1 below). Its mission is to empower youth in the capital region who are at-risk of homelessness and dependency to reach their highest potential through educational support, life-skills training, career preparedness, housing and mentorship. Empower 225's goal is to connect the youth with positive adult role models and help them develop in four areas: Education, employment, stable housing, and life skills.

Empower 225 strives to achieve these goals by establishing community-based partnerships and developing indigenous leadership. Empower 225 works to provide and coordinate supportive services to ensure wrap-around care, recruits and trains volunteers to implement 'Best-Practices Programs' & secure additional resources for the community. When Empower 225 (HP Serve) began its operations, it identified target populations such as: Homeless youth, youth in foster care (and those who age out with nowhere to go) and victims of sexual trafficking. Various programs were built around the needs of these youth. In the majority of these programs, Empower 225 works with youth ages 12-26, however they also work with adult victims. Empower 225 also has programs to build greater awareness and better response to the problem of child trafficking, coordinates foster care and adoption events, and provides housing for homeless individuals. The major sources of income for the organization are contributions and grants.

Empower

1. Name Change

Empower 225 was previously named "Healing Place Serve". In 2018, the name of the organization was changed from "Healing Place Serve" to "Empower 225".

2. Summary of Significant Accounting Policies

A. Basis of Presentation

Empower 225 prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (US GAAP), which require Empower 225 to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

Net assets with donor restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a

Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

B. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other investments with original maturities of three months or less. Restricted cash represents amounts held by Empower 225 with donor-imposed restrictions.

C. Revenue Recognition

Contributions and grants received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence or nature of any restrictions.

All donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions.

Fundraising and other revenues are recognized as earned.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. Accordingly, actual results could differ from those estimates.

E. Accounts Receivable

Empower 225 determines past due accounts based on contractual terms and does not charge interest on the accounts. Empower 225 charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management estimates no allowance for doubtful accounts is necessary as of December 31, 2018.

F. Property and Equipment and Depreciation

Property and equipment are stated at historical cost. Empower 225's policy is the capitalize property and equipment greater than or equal to \$5,000. Depreciation of property and

Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

equipment is computed over the estimated useful lives of the assets. The following is a summary of the estimated useful lives used:

Buildings and improvements	39	Years
Leasehold improvements	39	Years
Equipment	3-5	Years
Vehicles	5-7	Years

G. Donated Materials, Equipment, Facilities, and Services

Donated materials, equipment, and facilities are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt. Empower 225 operates, with a minimal charge, certain premises upon which their office is located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

Empower 225 recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

H. Income Taxes

Empower 225 is exempt from income tax under Section 501(c)(3) of the internal Revenue Code. Empower 225 applies and accounting guidance related to accounting for uncertain tax positions. In management's judgment, Empower 225 does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment are ending on or after December 31, 2016.

I. Functional Allocation of Expenses

The costs of providing the program and support functions (management and general and fundraising) have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses.

Major categories of costs are allocated between program and support functions as follows: In-Kind Rent is allocated based on the number of offices used in each function. Payroll related costs are allocated based on the number of hours assigned to a program function or support function.

J. Compensated Absences

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year but must be used no later than February 28th. Any remaining annual leave will expire after February 28th.

Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

K. Recent Financial Accounting Pronouncements

During the year ended December 31, 2018, Empower 225 adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial statements has also been added to the financial statements (Note 9).

3. Liquidity and Availability of Financial Assets

The following reflects Empower 225's financial assets as of the statement of financial position date, no amounts are restricted.

	2018
Financial assets at year-end	
Cash and cash equivalents	\$ 83,009
Grants receivable, net	66,564
Accrued revenue, net	8,678
Financial assets available to meet cash needs for general expenses over the next twelve months	\$ 158,251

Management estimates the available financial assets are sufficient to meet operating needs.

4. Property and Equipment

A summary of property and equipment as of December 31, 2018 is as follows:

	2018	2017
Buildings and improvements (collateral, see Note 5)	\$ 560,649	\$ 560,649
Leasehold improvements	81,461	81,461
Equipment	6,659	6,659
Vehicles	43,023	43,023
Total	691,792	691,792
Less: accumulated depreciation	(148,879)	(127,023)

Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

	\$ 542,913	\$ 564,769
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5. Notes Payable

Empower 225 has one note payable. This note is secured by a mortgage on Empower 225's Anchor House. The note is payable in installments of \$2,429, including principle and interest at 3.95%. The note matures on October 12, 2022 with a sinking fund payment of \$243,610.62 then owed. See the statement of financial position for current and noncurrent portions of this note.

6. Net Assets with Donor Restrictions

Empower 225 had no net assets with donor restrictions as of December 31, 2018

7. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by satisfaction of the restricted purposes during the year ended December 31, 2018 as follows:

	2018
Purpose restrictions accomplished.	\$ 20,005
Total	\$ 20,005

8. Analysis of functional and natural expenses

The Statement of functional expenses disaggregates Empower 225's functional expenses by natural their natural classifications. Contributed services and property (In-Kind Expenditures) are further disaggregated below:

	Program	Management & General	Fundraising	Total
Donated facility use	\$ 73,841	32,400	-	\$ 106,241
Utilities	12,800	14,400	-	27,200
Professional services	33,315	-	575	33,890
Supplies	-	-	2,500	2,500
Participant support	48,154	-	-	48,154
Total	\$ 168,110	\$ 46,800	\$ 3,075	\$ 217,985

Donated facility use consists of the following office, program activity, special event and storage space donated to Empower 225 for use rent-free by Healing Place Church:

19202 Highland Road, Baton Rouge, LA 70809	\$ 24,400
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Empower 225
Baton Rouge, Louisiana
Notes to the Financial Statements
For the year ended December 31, 2018

4829 Winbourne Ave, Baton Rouge, LA 70805 (Baton Rouge Dream Center)	80,917
Denham Springs Campus	<u>924</u>
Total Donated Facilities	\$ 106,241

9. Reclassifications

2017 temporarily restricted net assets were reclassified to net assets with donor restrictions to conform to the 2018 financial statement presentation. The amount of net assets was not changed by this reclassification.

10. Subsequent Events

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, June 28, 2019. Management has determined no subsequent events should be included in these financial statements.

11. Credit Risk

Empower 225 has cash consisting of demand deposit accounts on deposit with financial institutions. Accounts are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All of Empower 225's cash balances were insured by the FDIC at December 31, 2018. Empower 225 has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

Supplemental Information

Empower 225
Baton Rouge, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name: Claudia Berry

Purpose	Amount
Salary	\$ 72,800
Benefits - insurance	7,493
Phone allowance	1,200
Reimbursements	154
Conference Travel	261
	<u>\$ 81,908</u>

The accompanying notes are an integral part of this statement

Other Reports and Schedules

David A. Dominique, LLC

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

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*

Board of Directors
Empower 225
Baton Rouge, 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 Empower 225 (the Organization), which comprise the statement of financial position as of December 31 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Empower 225'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 Empower 225's internal control. Accordingly, we do not express an opinion on the effectiveness of Empower 225'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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Empower 225's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique LLC
Denham Springs, Louisiana
June 28, 2019

David A. Dominique, LLC

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

**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
Empower 225
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Empower 225'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 Empower 225's major federal programs for the year ended December 31, 2018. Empower 225'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 requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Empower 225 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Empower 225 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 Empower 225's internal control over compliance with the types of requirement that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Empower 225's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique LLC
Denham Springs, LA 70726
June 28, 2019

Empower 225
Baton Rouge, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor / Program Name</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
<i>Administration for Children and Families - Family and Youth Services Bureau</i>			
Louisiana Children's Anti-Trafficking Initiative	90CA1827-03	93.670	192,309
Louisiana Children's Anti-Trafficking Initiative	90CA1827-04	93.670	50,871
Transitional Living Program	90CX7170-01-00	93.550	143,374
Transitional Living Program	90CX7170-02-00	93.550	39,819
Street Outreach Program	90YO2318-01	93.557	11,217
Domestic Victims of Human Trafficking Program	90TV0021-02-00	93.327 *	187,724
Domestic Victims of Human Trafficking Program	90TV0021-03-01	93.327 *	64,668
Passed through:			
<i>U.S. Committee for Refugees and Immigrants</i>			
National Human Trafficking Victim Assistance	90ZV0101/01	93.598	25
<i>Louisiana Department of Children and Family Services</i>			
Chafee Foster Care Independent Living Program	2000224911	93.674 *	<u>152,686</u>
Subtotal: U.S. Department of Health and Human Services			842,693
<u>U.S. Department of Justice</u>			
Direct Programs			
<i>Office for Victims of Crime</i>			
Mentoring Child Victims Program	2016-MU-MU-0013	16.543	<u>146,080</u>
Subtotal: U.S. Department of Justice			146,080
<u>U.S. Department of Housing & Urban Development (HUD)</u>			
Direct Programs:			
Rapid Rehousing Program via COC (Continuum of Care)	LA0308L6H091700	14.261	36,801
Louisiana Emergency Solutions Grants Program (ESG)	LA BOSCOG	14.231 *	<u>26,483</u>
Subtotal: U.S. Department of Housing & Urban Development (HUD)			63,284
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,052,057</u>

* Major programs

Empower 225
Baton Rouge, Louisiana
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Empower 225 under programs of the federal government for the year ended December 31, 2018. 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 Empower 225, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Empower 225.

2. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Below is a reconciliation to Federal Grants Revenue reported on Empower 225's Statement of Activities.

3. Indirect Cost Rate

Empower 225 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Empower 225
Baton Rouge, Louisiana
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2018

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? _____ yes _____ x _____ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ x _____ no
- Noncompliance material to financial statements noted? _____ yes _____ x _____ no

Federal Awards

Internal control over major programs

- Material weaknesses identified _____ yes _____ x _____ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ x _____ no

Type of auditor's report issued: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.518(a). _____ yes _____ x _____ no

Identification of major programs

<i>CFDA Number(s):</i>	<i>Name of Federal Program or Cluster</i>
93.327	Domestic Victims of Human Trafficking Program
14.231	Louisiana Emergency Solutions Grants Program (ESG)
93.674	Chafee Foster Care Independent Living Program

Dollar threshold used to distinguish between type A and type B programs \$750,000 or greater

Auditee qualified as low-risk auditee? _____ yes _____ x _____ no

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Awards Program

None

Empower 225
Baton Rouge, Louisiana
Schedule of Prior Year's Findings and Questioned Costs
Year Ended December 31, 2018

A. Findings - Financial Statement Audit

None

B. Findings - Major Federal Award Program

None

Empower 225
Baton Rouge, Louisiana

Statewide Agreed-Upon Procedures

For the year ended December 31, 2018

David A. Dominique, LLC

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Directors
Empower 225
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Empower 225 and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Empower 225's management is responsible for those control and compliance 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 performed and the results thereof are set forth below. The procedures performed are stated first, followed by the results of the procedure under the subheading “Results”. If the item being subjected to the procedures is positively identified or present, then the results will read “No exceptions noted”. If not, then a description of the exception follows. Additionally, certain procedures listed below may not have been performed in accordance with the guidance provided by the Louisiana Legislative Auditor, the specified user of the report. Those procedures are identified below.

Written Policies and Procedures

1. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.

Board (or Finance Committee, if applicable)

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

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

Results

- No exceptions noted.

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 accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

We noted the following exceptions as a result of applying these procedures:

- We did not observe evidence that the bank reconciliations we obtained were reviewed by a member of management or Board member who does not handle cash, post ledgers, or issue checks. (3b)
- We did not observe documentation reflecting that management researched reconciling items that were outstanding for more than 12 months from the statement closing date. (3c).

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)¹⁰. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results:

We noted the following exceptions as a result of applying these procedures:

- We observed that deposits were not made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100). (7d).

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

8. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.
9. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.
10. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.

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 cards. Obtain 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:
 - 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, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results:

We noted the following exceptions as a result of applying these procedures:

- We observed evidence that the Organization's executive director reviewed and approved credit card purchases. We did not observe evidence that the Organization's executive director's credit card use was reviewed and approved by another person. (12a).

- We observed that finance charges and/or late fees were assessed 3 of the 5 selected statements. (12b)
- We observed 1 of the transactions selected was not supported by the specified documentation. (13)

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

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

Results:

We noted the following exceptions as a result of applying these procedures:

- No exceptions were noted as a result of performing these procedures.

Contracts

15. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results

We noted the following exceptions as a result of applying these procedures:

- We observed that authorization for changes to salary paid to one employee was not documented. (16a).

Ethics

20. This procedure was not performed because it is not applicable to Empower 225.

Debt Service

21. This procedure was not performed because it is not applicable to Empower 225.
22. This procedure was not performed because it is not applicable to Empower 225.

Other

23. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.
24. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.

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 the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (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 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.

David A Dominique LLC
Denham Springs, Louisiana
June 28, 2019

Empower 225
Baton Rouge, Louisiana
Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2018

Management's Response to Exceptions:

- 3(b) Effective immediately we will enhance our process of review to ensure that a board member that does not handle cash, post ledgers, or issue checks will initial and sign completed reconciliation along with other review documents given during periodic board meetings.
- (3)(c) Management will ensure that all research and attempts to contact payee are documented and use documentation as support to void outstanding checks
- 7(d) We believe that the influx of checks is not significant therefore we make our deposits weekly for the purpose of cost efficiency.
- 12(a) We will ensure that all credit card activity used personally by the executive director is reviewed and approved by the board president or someone in the Finance department
- 12(b) We will make every effort to pay off any balances and pay on time to avoid late fees
- 13 We will make every effort to document each transaction. We have enhanced our receipt & record keeping procedures to improve the process
- 16(a) We will work on enhancing our record keeping process to maintain our employees' information is up to date (including those that have been grandfathered from prior established recordkeeping processes).