

**MAYOR'S HEALTHY CITY INITIATIVE**

Baton Rouge, Louisiana

Audited Financial Statements

December 31, 2018 and 2017



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## **Independent Auditor's Report**

To the Board of Directors  
Mayor's Healthy City Initiative  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Mayor's Healthy City Initiative (the Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mayor's Healthy City Initiative as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of compensation, benefits, and other payments to Community Outreach Director, as required by Louisiana Revised Statute (R.S.) 24:513 A. (3) 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 our audits 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 26, 2019, on our consideration of the Mayor's Healthy City Initiative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mayor's Health City Initiative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mayor's Healthy City Initiative's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
June 26, 2019

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 626,714	\$ 78,632
Grants Receivable	10,000	-
Prepaid Expenses	-	1,279
<b>Total Current Assets</b>	<b>636,714</b>	<b>79,911</b>
<b>Other Assets</b>		
Intangible Asset, Net	-	22,651
<b>Total Other Assets</b>	<b>-</b>	<b>22,651</b>
<b>Total Assets</b>	<b>\$ 636,714</b>	<b>\$ 102,562</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 61	\$ -
Grants Payable	20,000	-
<b>Total Current Liabilities</b>	<b>20,061</b>	<b>-</b>
<b>Net Assets</b>		
Without Donor Restrictions	616,653	79,911
With Donor Restrictions	-	22,651
<b>Total Net Assets</b>	<b>616,653</b>	<b>102,562</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 636,714</b>	<b>\$ 102,562</b>

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

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Activities**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenues</b>		
Corporate Contributions	\$ 96,242	\$ 39,668
Contributions, In-Kind	60,400	35,710
Grant Revenue	790,000	20,000
Other Income	337	103
<b>Total Revenues</b>	<b>946,979</b>	<b>95,481</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>22,651</b>	<b>22,650</b>
<b>Total Revenues and Reclassifications</b>	<b>969,630</b>	<b>118,131</b>
<b>Expenses</b>		
<b>Program Services</b>		
<b>Healthy Initiative Program</b>		
Grants Awarded	304,383	24,200
<b>Support Services</b>		
<b>General and Administrative</b>		
Amortization Expense	22,651	22,650
Salaries, In-Kind	60,400	35,710
Event Expense	29,648	11,855
Administrative	14,527	5,539
Insurance	1,279	1,382
<b>Total Expenses</b>	<b>432,888</b>	<b>101,336</b>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>\$ 536,742</b>	<b>\$ 16,796</b>
<b>Changes in Net Assets With Donor Restrictions</b>		
Net Assets Released from Donor Restrictions	\$ (22,651)	\$ (22,650)
<b>Decrease in Net Assets With Donor Restrictions</b>	<b>\$ (22,651)</b>	<b>\$ (22,650)</b>
<b>Increase (Decrease) in Total Net Assets</b>	<b>\$ 514,091</b>	<b>\$ (5,854)</b>

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

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2018 and 2017**

	<b>Without Donor Restrictions</b>	<b>With Restrictions</b>	<b>Total</b>
<b>Net Assets, January 1, 2017</b>	\$ 63,115	\$ 45,301	\$ 108,416
Increase (Decrease) in Net Assets	16,796	(22,650)	(5,854)
<b>Net Assets, December 31, 2017</b>	79,911	22,651	102,562
Increase (Decrease) in Net Assets	536,742	(22,651)	514,091
<b>Net Assets, December 31, 2018</b>	<u>\$ 616,653</u>	<u>\$ -</u>	<u>\$ 616,653</u>

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

**Mayor's Healthy City Initiative  
Statements of Cash Flows  
For the Year Ended December 31, 2018 and 2017**

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 514,091	\$ (5,854)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Amortization	22,651	22,650
Increase in Grants Receivable	(10,000)	-
Decrease (Increase) in Prepaid Expenses	1,279	(1,279)
Increase (Decrease) in Accounts Payable	61	(602)
Increase in Grants Payable	20,000	-
	<hr/>	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>548,082</b>	14,915
	<hr/>	<hr/>
<b>Increase in Cash and Cash Equivalents</b>	<b>548,082</b>	14,915
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>78,632</b>	63,717
	<hr/>	<hr/>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 626,714</b>	<b>\$ 78,632</b>
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The accompanying notes are an integral part of these financial statements.

# MAYOR'S HEALTHY CITY INITIATIVE

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Nature of Business**

The Mayor's Healthy City Initiative (the Organization) was formed as a non-profit corporation in May 2010. The mission of the Organization is to identify and coordinate efforts aimed at healthy eating and an active lifestyle into a unifying community commitment to better health. The Organization obtains funding through the City of Baton Rouge and other grants and then awards grants to third parties in order to achieve their goal of a healthier city.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements. These financial statements include only activities and transactions of the Organization.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains cash and cash equivalent balances with financial institutions that are federally insured.

#### **Contributed Support**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-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 stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

#### **Donated Services**

Donated services are recorded as contributions, in-kind at their fair market value, provided that there is a measurable and objective basis or determining value. These amounts are included on the statements of activities and identified as in-kind contributions and expenses.

## MAYOR'S HEALTHY CITY INITIATIVE

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the financial statements. There are no categories of expenses that are attributed to more than one program or supporting function.

##### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

##### **Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2018 and 2017, totaled \$-0- and \$38, respectively.

##### **Recent Accounting Pronouncements - Adopted**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. During the year ended December 31, 2018, the Organization implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which did not have a material effect on the financial statement balances for the year ended December 31, 2018 and 2017.

##### **Upcoming Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* to supersede nearly all existing revenue recognition under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09 is effective for MHCI's annual reporting period beginning January 1, 2019, and for its interim reporting periods beginning January 1, 2020. The Organization may use one of two methods for applying ASU 2014-09: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the scope of ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. The ASU will be effective for MHCI beginning in the year ending December 31, 2019, and will be adopted using either a full or a modified retrospective approach. The Organization is currently assessing the potential effects of these changes to its financial statements.

## MAYOR'S HEALTHY CITY INITIATIVE

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Upcoming Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 will clarify and improve current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities, is a contribution or an exchange transaction. ASU 2018-08 is effective for the Corporation on January 1, 2020. Management is currently evaluating the impact ASU 2018-08 will have on the financial statements.

#### Note 2. Related Party Transactions

During 2018 and 2017, the Organization received contributions from the Office of the Mayor-President in the amount of \$60,400 and \$35,710, respectively. This amount was received in-kind as salary expense for the time of one employee in the Mayor's office dedicated to this organization. The Office of the Mayor-President holds a seat on the Board of the Organization.

During 2018 and 2017, the Organization received contributions totaling \$31,517 and \$15,668, respectively, from various health organizations that have representation on the Board of Mayor's Healthy City Initiative.

During the 2018 and 2017, the Organization awarded grants totaling \$20,000 to the former Community Outreach Coordinator.

#### Note 3. Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general and administrative expenses.

## MAYOR'S HEALTHY CITY INITIATIVE

### Notes to Financial Statements

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#### Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2018	2017
Cash and Cash Equivalents	\$ 626,714	\$ 78,632
<b>Total</b>	<b>\$ 626,714</b>	<b>\$ 78,632</b>

As part of the Organization's liquidity management plan, the Organization maintains balances in excess of daily requirements in cash.

#### Note 5. Intangible Assets

Intangible assets include \$67,951 at December 31, 2018 and 2017, respectively, related to the redesign of the Organization's Healthy BR website. The asset is amortized over a useful life of 3 years. The website was placed into service in January 2016. Accumulated amortization totaled \$67,951 and \$45,300 at December 31, 2018 and 2017, respectively. Amortization expense for 2018 and 2017 was \$22,651 and \$22,650, respectively.

#### Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2018 and 2017:

	2018	2017
<b>Subject to Expenditure for a Specified Purpose:</b>		
Health BR Initiative Website	\$ -	\$ 22,651
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ -</b>	<b>\$ 22,651</b>

#### Note 7. Concentrations

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. At December 31, 2018 and 2017, the Organization had \$376,714 and \$-0-, respectively, in excess of the FDIC insured limit. The Organization has not experienced any losses on its cash equivalents.

## MAYOR'S HEALTHY CITY INITIATIVE

### Notes to Financial Statements

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#### **Note 7. Concentrations (Continued)**

Two donors made up 63% of the total contributions for the year ended December 31, 2018. One donor made up 38% of the total contributions for the year ended December 31, 2017.

Two grantors made up 90% of total grant revenue for the year ended December 31, 2018. One grantor made up 100% of the total grant revenue for the year ended December 31, 2017.

Three grantees made up 78% of total grants awarded for the year ended December 31, 2018. One grantee made up 83% of total grants awarded for the year ended December 31, 2017.

#### **Note 8. Commitments and Contingencies**

In December 2018, MHCI awarded a grant to an unrelated party in the amount of \$102,745. As of December 31, 2018, \$39,033 had been paid. Remaining payments, expected to be paid in 2019, are contingent upon report completion and review.

In December 2018, MHCI awarded a grant to an unrelated party in the amount of \$135,000. As of December 31, 2018, \$48,450 had been paid. Remaining payments, expected to be paid in 2019, are contingent upon report completion and review.

In December 2018, MHCI awarded a grant to an unrelated party in the amount of \$180,000. As of December 31, 2018, \$103,520 had been paid. Remaining payments, expected to be paid in 2019, are contingent upon report completion and review.

#### **Note 9. Subsequent Events**

Management has evaluated all subsequent events through June 26, 2019, the date that the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Community Outreach Director**  
**For the Year Ended December 31, 2018**

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**Schedule I**

**Director of the Mayor's Healthy City Initiative:**  
Jared Hymowitz

<b>Purpose</b>	<b>Amount</b>
Salary	\$60,400
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Taxes	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report

**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**

Independent Auditor's Report

To the Board of Directors  
Mayor's Healthy City Initiative  
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 Mayor's Healthy City Initiative (the Organization), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 26, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
June 26, 2019

**MAYOR'S HEALTHY CITY INITIATIVE  
Schedule of Findings and Responses  
For the Year Ended December 31, 2018**

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**Part I - Summary of Auditor's Results**

Financial Statement Section

- |   |               |
|---|---------------|
| 1. Type of Auditor's Report Issued:                       | Unmodified    |
| 2. Internal Control Over Financial Reporting:             |               |
| a. Material Weakness (es) Identified?                     | No            |
| b. Significant Deficiency (ies) Identified?               | None Reported |
| 3. Non-compliance Material to Financial Statements Noted? | No            |

Federal Awards Section - Not Applicable

**Part II - Financial Statement Findings Section**

None

**MAYOR'S HEALTHY CITY INITIATIVE  
Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2018**

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**2017-001      Accrual of Expenses**

Corrected.