GREATER BOSSIER ECONOMIC

DEVELOPMENT FOUNDATION

BOSSIER CITY, LOUISIANA

DECEMBER 31, 2019 AND 2018

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

BOSSIER CITY, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, MCELROY, & VESTAL
LLC
CERTIFIED PUBLIC ACCOUNTANTS
333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 30, 2020

To the Board of Directors
Greater Bossier Economic Development Foundation
Bossier City, Louisiana

Independent Auditor's Report

Report on the Financial Statements
We have audited the accompanying financial statements of the Greater Bossier Economic Development Foundation (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Bossier Economic Development Foundation as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greater Bossier Economic Development Foundation's basic financial statements. The information required in accordance with Louisiana Revised Statute 24:513(A)(3) on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic 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, this information is fairly stated, in all material respects, in relation to the basic 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 30, 2020, on our consideration of Greater Bossier Economic Development Foundation'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 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 Greater Bossier Economic Development Foundation's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

A S S E T S	2019	2018
Current assets:		
Cash and cash equivalents	860,345	845,822
Receivable	5,500	-
Total current assets	865,845	845,822
Property and equipment, less accumulated depreciation of $35,079 and $45,665	3,199	3,021
Total assets	869,044	848,843
LIABILITIES AND NET ASSETS		
Current liabilities:		
Payroll taxes	-	2,649
Accounts payable	15,818	-
Total liabilities	15,818	2,649
Net assets:		
Without donor restrictions	853,226	846,194
Total net assets	853,226	846,194
Total liabilities and net assets	869,044	848,843

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

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Change in net assets without donor restrictions:		
Revenue and other support:		
Dues	46,676	47,825
Riverboat revenue	501,315	506,294
Special projects	-	3,000
Investment income	6,812	3,255
Miscellaneous income	2,000	2,030
Total revenue and other support	556,803	562,404
Expenses:		
Program services	389,877	367,242
Supporting services	159,894	159,828
Total expenses	549,771	527,070
Change in net assets without donor restrictions	7,032	35,334
Net assets-beginning of year	846,194	810,860
Net assets-end of year	853,226	846,194

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

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	Program Services		Program Services	
	Economic Development	Supporting Services	Economic Development	Supporting Services
Community support	101,159	-	84,050	-
Legislative expenses	6,165	-	6,000	-
Special projects	-	-	7,917	-
Salaries and benefits	204,590	87,681	209,355	89,723
Professional services	4,109	36,977	2,337	21,033
Marketing	27,249	-	20,503	-
Newsletter and promotion	10,743	-	3,747	-
Rent	-	14,940	-	14,940
Office operations	35,863	15,370	33,333	14,285
Interest expense	-	-	-	-
Depreciation	-	2,644	-	2,675
Loss on disposal of assets	-	403	-	-
Other	-	1,879	-	17,172
	389,877	159,894	367,242	159,828

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

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	7,032	35,334
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,644	2,675
Loss on disposal of fixed assets	403	-
(Increase) decrease in receivables	(5,500)	-
Increase (decrease) in payables	13,169	(1,562)
Loss on Bidco investment	-	16,840
Net cash provided by operating activities	17,748	53,287
Cash flows from investing activities:		
Purchase of fixed assets	(3,225)	(619)
Net cash (used) by investing activities	(3,225)	(619)
Net increase in cash and cash equivalents	14,523	52,668
Cash and cash equivalents at beginning of the year	845,822	793,154
Cash and cash equivalents at end of the year	860,345	845,822

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

1. **Organization**

The Greater Bossier Economic Development Foundation (the Foundation) is a Louisiana nonprofit corporation which has been in existence since 1979 as the economic development arm of the Bossier Chamber of Commerce. On April 13, 2005, the Foundation was incorporated and exempted under Section 501(c)(6) of the Internal Revenue Code, and became its own independent nonprofit entity. The activities currently provided by the Foundation include providing leadership and excellence in economic development for Bossier City, Louisiana.

2. **Summary of Significant Accounting Policies**

The significant accounting policies followed by the Foundation and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

Financial Statement Presentation:

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard was effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. The Foundation adopted this standard for the year ended December 31, 2018.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. The Foundation's net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Foundation did not have any temporarily or permanently restricted net assets.

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions, as follows:

Net assets without donor restrictions – Net assets that are not subject to donor or grantor imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Net assets with donor restrictions – Net assets subject to donor or grantor imposed restrictions that may or will be met by actions of the Foundation. There are no donor or grantor restricted net assets at December 31, 2019 and 2018.

Contributions:

Contributions received are recorded based on the existence and/or nature of any donor restrictions.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("Topic 606"), which supersedes the previous revenue recognition guidance. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The core principle of the new standard is for an entity to recognize revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with its customers.

During the implementation process, the Foundation evaluated its established business processes, revenue transaction streams and accounting policies, and expects similar performance obligations to result under the new revenue standard as compared with prior U.S. generally accepted accounting principles ("U.S. GAAP"). The Foundation identified its material revenue stream to be riverboat fees. As a result of this evaluation, the Foundation expects the amounts and timing of revenue recognition to remain the same. Adoption of ASU 2014-09, which was effective for the Foundation on January 1, 2019, did not have a material impact on the Foundation's financial statements.

Riverboat revenues are funded by a percentage of monthly net gaming proceeds from the riverboat casinos located in Bossier City and recognized when received. The funding was enacted by the Legislature of the State of Louisiana. Membership dues are paid by the members on an annual basis and are recognized when received.

Promises to Give:

Contributions that are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments.

Income Taxes:

The Foundation is exempt from income taxes as an organization described in Section 501(c)(6) of the Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, there is no provision for income taxes in these financial statements; however, the Foundation is required to file an annual information tax return.

The Foundation is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is

2. **Summary of Significant Accounting Policies** **(Continued)**

required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns remain subject to examination by the Internal Revenue Service, generally for three years after they were filed. There are no examinations currently in process.

Functional Expenses:
The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities, and require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include salaries and benefits, professional services, and office operations, all of which are allocated on the basis of estimates of time and effort or other reasonable basis.

3. **Concentrations of Credit Risk**
The Foundation maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Foundation's uninsured cash balances totaled $-0- at December 31, 2019 and 2018.

4. **Investments**
On December 19, 2000, the Foundation purchased 1,000 shares of Preferred Series A stock in Red River Valley Bidco, Inc. for the amount of $100,000. The investment was made to participate in funding Red River Valley Bidco, Inc., which is a for-profit entity formed as a financial assistance corporation which provides loan funds for business, industry and job creation over a 10-parish area of Northwest Louisiana. Red River Valley Bidco, Inc. supplements private lenders' efforts by either participating with them on special financing projects or by direct loans to borrowers who cannot qualify under a private lender's rule. The basis of the Foundation's investment in this stock has changed over time due to its share of the venture's distributions. The investment was terminated in 2018 and the Foundation incurred a loss of $16,840. The balance of the investment in Red River Valley Bidco, Inc. was $-0- at December 31, 2019 and 2018.

5. **Property and Equipment**
Property and equipment at December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Leasehold improvements	13,139	13,139
Furniture and fixtures	12,950	12,950
Office equipment	12,189	22,597
	38,278	48,686
Less-accumulated depreciation	(35,079)	(45,665)
Book value of property and equipment	3,199	3,021

Depreciation expense was $2,644 and $2,675 for the years ended December 31, 2019 and 2018, respectively.

6. **Operating Lease**

The Foundation currently leases its present location from the Bossier Chamber of Commerce under a month-to-month lease. The expense incurred under this lease was $14,940 for the years ended December 31, 2019 and 2018. In May 2020 the Foundation moved to The Louisiana Boardwalk. The future rental payments are as follows:

2020	27,105
2021	40,658
2022	40,658
2023	43,097
2024	44,317
Thereafter	258,244
Total future payments	454,080

7. **Retirement Plan**

Beginning in August 2007, the Foundation began a Simple IRA retirement plan. Under this plan, employees may contribute up to 6% to the plan, and the Foundation may contribute up to 3%. The Foundation contributed $4,613 and $6,035 to the plan for the years ended December 31, 2019 and 2018, respectively.

8. **Liquidity and Availability**

Financial assets, consisting of cash and cash equivalents that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to approximately $860,000 at December 31, 2019. Management has a general goal of maintaining sufficient financial resources on hand to meet at least two to three months of operating expenses.

9. **New Accounting Guidance Not Yet Adopted**

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- Lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2021. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Foundation is currently evaluating the potential impact of adopting this guidance on their financial statements.

10. <u>Subsequent Events</u>

The Foundation has evaluated subsequent events through June 30, 2020, the date which the financial statements were available to be issued, and other than what is referenced below, noted no significant subsequent events as of this date.

Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. It is unknown how long these conditions will last and what the financial effect will be to the Foundation.

SUPPLEMENTARY INFORMATION

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH

LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2019

Greater Bossier Economic Development Foundation: David R. Rockett, Jr., Executive Director

Salary	148,000
Benefits-insurance-health	32,778
Benefits-dental	981
Benefits-insurance-life and disability	1,729
Benefits-retirement	4,440
Car allowance	9,600
Unvouchered expenses	800

OTHER REPORTS

June 30, 2020

To the Board of Directors
Greater Bossier Economic Development Foundation
Bossier City, Louisiana

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*

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 Greater Bossier Economic Development Foundation, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Greater Bossier Economic Development Foundation'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 over financial reporting 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 Greater Bossier Economic Development Foundation'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.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Greater Bossier Economic Development Foundation.

2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.

3. No instances of noncompliance material to the basic financial statements of Greater Bossier Economic Development Foundation were disclosed during the audit.

4. Greater Bossier Economic Development Foundation was not subject to a Federal Single Audit for the year ended December 31, 2019.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2019

There were no findings and questioned costs from the prior year.

GREATER BOSSIER ECONOMIC DEVELOPMENT FOUNDATION

STATEWIDE AGREED-UPON PROCEDURES REPORT

YEAR ENDED DECEMBER 31, 2019

HEARD, MCELROY, & VESTAL
LLC
CERTIFIED PUBLIC ACCOUNTANTS
333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 30, 2020

Board of Directors
Greater Bossier Economic Development Foundation
574 Boardwalk Blvd
Bossier City, LA 71111

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Greater Bossier Economic Development Foundation (the Foundation) 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 January 01, 2019 through December 31, 2019. The Foundation'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,* issued by the Comptroller General of the United States. 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):

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

      The entity has written policies and procedures that adequately address the budget function.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

      The entity has written policies and procedures that adequately address the purchasing functions described above. Nonprofit status and relatively low purchase volumes do not require GBEDF to adhere to public bid laws.

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

The entity has written policies and procedures that adequately address the disbursement function.

d) ***Receipts/Collections***, (1) including receiving, recording, and preparing deposits. Also, (2) 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).

The entity has written policies and procedures that adequately address the receipts/collections function.

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

The entity has written policies and procedures that adequately address the payroll function.

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

Exception: The entity's policy does not address items types of services requiring written contracts or approval process.

Management's Response: Contracts are reviewed and approved by the Executive Director as well as the Executive Committee.

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)

The entity has written policies and procedures that adequately address the credit card function.

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

Exception: The entity's policies do not address dollar thresholds by category of expense.

Management's Response: Dollar thresholds are set in the overall budget.

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

Not applicable to the Foundation.

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

Not applicable to the Foundation.

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

The entity has written policies and procedures that adequately address disaster recovery.

Board of Finance Committee

Not applicable as there were no exceptions found in the prior year with regard to this procedure.

Bank Reconciliations

2. 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 list of bank accounts was obtained from management.

   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);

      Selected bank reconciliations were prepared within two months of the related statement closing date.

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

      Exception: For reconciliations tested, no management review of bank reconciliations was observed.

      Management's Response: Bank Reconciliation reviews by management were not mentioned in prior year audits, thus no policy changes were addressed.

   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.

      Exception: For one of the bank accounts, items greater than twelve months old were noted. There was no documentation from management reflecting the research of the outstanding items.

      Management's Response: Management will implement a stale check policy based on current standards.

Collections

3. 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).

   A listing of deposit locations was obtained.

4. 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 listing of collection locations was obtained.

a) Employees that are responsible for cash collections do not share cash drawers/registers.

The entity does not receive cash; however, only one employee is responsible for checks, money orders, and credit card transactions. Not considered an exception to testwork.

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.

Exception: The same individual who collects payments is also responsible for preparing deposits. There is not a formal process for reconciling collections.

Management's Response: Personnel constraints/limitations won't allow, however, the Executive Board reviews monthly.

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.

Exception: The same individual who collects payments is also responsible for posting payments to the general ledger and reconciling accounts.

Management's Response: Personnel constraints/limitations won't allow, however, the Executive Board reviews monthly.

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.

Exception: The entity does not have a formal process to reconcile cash collections and various revenue billings by an independent individual.

Management's Response: Personnel constraints/limitations won't allow, however, the Executive Board reviews monthly.

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

The entity does not accept cash; therefore, a theft policy for cash does not apply to the entity. Not considered an exception to testwork.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 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). *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.

Exception: The entity does not issue pre-numbered receipts.

Management's Response: Cash is not collected therefore receipts are not issued.

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

Exception: The entity does not issue pre-numbered receipts.

Management's Response: Cash is not collected therefore receipts are not issued.

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

The deposit slip total was traced to the actual deposit per the bank statement without exception.

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).

Exception: For one of the transactions selected, the deposit was not made timely – one day of receipt at collection location.

Management's Response: The GBEDF policy does not require daily deposits.

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

The deposit was traced to the general ledger without exception.

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

7. 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).

   A listing of locations was obtained from management.

8. For each location selected under #7 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:

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

   Exception: There are not two employees who initiate, approve or make a purchase. In addition, purchases are not approved prior to order.

   Management's Response: Personnel constraints/limitations won't allow.

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

   The office manager processes the payments which are then approved by the Executive Director.

   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.

   Exception: The same individual responsible for processing payments is also responsible for adding vendors to the entity's disbursement system.

   Management's Response: Personnel constraints/limitations won't allow.

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.

Exception: The same individual responsible for processing payments is also responsible for mailing checks.

Management's Response: Personnel constraints/limitations won't allow.

9. For each location selected under #7 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.

For all selections, the disbursement matched the related invoice.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

All selections showed adequate separation of duties where the payment was approved by the Executive Director.

Credit and Other Cards

Not applicable as there were no exceptions found in the prior year with regard to this procedure.

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

10. 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).

All transactions reimbursed per diem agree to the applicable rates.

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

All transactions reimbursed for actual cost were supported by an itemized receipt.

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).

Exception: One of the mileage reimbursements was not supported by mileage documentation.

Management's Response: The entity does not require travel advances to be supported by documentation. Executive Board Approval occurs for travel advances.

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

Exception: Three of the selections related to travel advances and were not reviewed/approved in writing by someone other than the person receiving reimbursement.

Management's Response: GBEDF does not require prior approval in writing for travel per diems.

Contracts

Not applicable as there were no exceptions found in the prior year with regard to this procedure.

Payroll and Personnel

11. 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.

    Exception: Salaries and/or pay rates were not authorized via some form of documentation.

    Management's Response: Salaries are tracked by the Executive Board and any changes are approved in an Executive Board Session and recorded in the minutes.

12. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #11 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.)

    Hourly employees document their daily attendance.

    Exception: Salaried employees do not document their daily attendance and leave

    Management's Response: Managerial constraints do not allow.

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

    Approval was provided for hourly employees' attendance.

    Exception: No documentation of approval for the attendance and leave of salaried employees.

    Management's Response: Managerial constraints do not allow.

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

    No leave was taken during the selected pay period.

13. 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

    One employee retired; however, since no cumulative leave applied to employee (salaried), this procedure was not applicable for testwork. Therefore, HMV does not consider this an exception.

14. 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.

    Management confirmed that all payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were filed and paid.

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.

HEARD, MCELROY & VESTAL, L.L.C.

Shreveport, Louisiana