

**ACADIANA OPEN CHANNEL, INC.**

Financial Report

Year Ended June 30, 2018

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# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

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To the Board of Directors  
Acadiana Open Channel, Inc.  
Lafayette, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Acadiana Open Channel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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 error or fraud. 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 Acadiana Open Channel, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 14 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 related 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 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 October 19, 2018, on our consideration of Acadiana Open Channel, Inc.'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 Acadiana Open Channel, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***

Certified Public Accountants

Lafayette, Louisiana  
October 19, 2018

**FINANCIAL STATEMENTS**

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Statement of Financial Position  
June 30, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 334,713
Receivables -	
Grants	222,286
Other	20
Prepaid expenses	<u>16,245</u>
Total current assets	573,264
Property and equipment, net	127,952
Other assets:	
Security deposits	<u>5,100</u>
Total assets	<u>\$ 706,316</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 25,140
Accrued liabilities	<u>26,143</u>
Total current liabilities	<u>51,283</u>
Net assets:	
Unrestricted	650,436
Temporarily restricted	<u>4,597</u>
Total net assets	<u>655,033</u>
Total liabilities and net assets	<u>\$ 706,316</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Statement of Activities  
For the Year Ended June 30, 2018

Unrestricted net assets:	
Unrestricted revenues -	
Grants:	
Lafayette City-Parish Consolidated Government	\$ 628,129
Lafayette Utilities System	52,783
Cox Communications	<u>242,924</u>
Total grants	<u>923,836</u>
Contributions and other:	
Contributions	1,950
Membership fees	12,669
Charges for services	7,553
Other income	1,403
Gain on sale of assets	<u>3,500</u>
Total contributions and other	<u>27,075</u>
Total unrestricted revenues	950,911
Net assets released from restrictions	<u>52,461</u>
Total unrestricted revenues and other support	<u>1,003,372</u>
Expenses -	
Program services - Public Access Television	<u>769,769</u>
Supporting services:	
Management and general	131,488
Fundraising expenses	<u>46,027</u>
Total supporting services	<u>177,515</u>
Total expenses	<u>947,284</u>
Increase in unrestricted net assets	<u>56,088</u>
Temporarily restricted assets:	
Contributions	20,560
Net assets released from restrictions	<u>(52,461)</u>
Net decrease in temporarily restricted assets	<u>(31,901)</u>
Increase in net assets	24,187
Net assets, beginning of year	<u>630,846</u>
Net assets, end of year	<u>\$ 655,033</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Increase in net assets	\$ 24,188
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	33,268
Change in current assets and liabilities:	
Receivables	14,832
Prepaid expenses	6,098
Accounts payable	12,548
Accrued liabilities	<u>1,880</u>
Net cash provided by operating activities	92,814
Cash flows used by investing activities:	
Purchase of equipment	<u>(44,157)</u>
Net increase in cash and cash equivalents	48,657
Cash and cash equivalents, beginning of year	<u>286,056</u>
Cash and cash equivalents, end of year	<u>\$ 334,713</u>
Supplemental disclosure for the statement of cash flows:	
Interest paid	<u>\$ 535</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Acadiana Open Channel, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana on July 1, 1981. Its purpose is to coordinate the use of public access channels provided by the cable television system in Lafayette, Louisiana. The Organization also provides production facilities, technical assistance, and training to individuals, groups and organizations interested in producing non-commercial education, cultural, informational or other community-oriented television programs.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Grants Receivable

Grants receivable are recognized only to the extent that related expenses have been incurred.

E. Prepaid Expenses

Prepaid balances are the payments made by the Organization in the current year to provide services occurring in the subsequent fiscal year.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

F. Property and Equipment

The Organization's capitalization policy is \$1,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the useful lives of the assets. Depreciation is computed by the straight line method at rates based the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Production and studio equipment	7 - 10 years
Furniture, equipment, and software	5 - 10 years
Leasehold improvements	10 years

Under the terms of the contract with the Lafayette City-Parish Consolidated Government, ownership of equipment acquired with funds derived from the contract reverts to the Lafayette City-Parish Consolidated Government upon termination of that contract.

G. Revenue and Expense Recognition

The Organization receives grants and contributions from various entities. Grant revenues are recognized only to the extent that related expenses have been incurred. Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

H. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which they are earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon retirement for all employees with the exception of the executive director, who will receive up to 25 days of unused vacation. At June 30, 2018, the accrued vacation leave amounted to \$9,148.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

I. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

J. Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

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

L. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

M. New Accounting Pronouncement

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures on underwater endowments are required; reporting of expenses by function and nature, analysis of expenses by function and nature; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks. This standard is effective for fiscal years beginning after December 15, 2017. The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(2) Grants Receivable

Grants receivable consist of the following at June 30, 2018:

Lafayette City-Parish Consolidated Government	\$ 150,548
Cox Communications	58,153
Lafayette Utilities System	<u>13,585</u>
	<u>\$ 222,286</u>

(3) Prepaid Expenses

Prepaid expenses consist of the following at June 30, 2018:

Insurance	\$ 13,066
Software maintenance	<u>3,179</u>
	<u>\$ 16,245</u>

(4) Property and Equipment

Property and equipment consist of the following as of June 30, 2018:

Production and studio equipment	\$ 364,676
Furniture, equipment, and software	133,136
Leasehold improvements	<u>62,891</u>
Total property and equipment	560,703
Less: Accumulated depreciation	<u>(432,751)</u>
Property and equipment, net	<u>\$ 127,952</u>

Depreciation expense for the year ended June 30, 2018 was \$33,268.

(5) Net Assets Released from Restrictions

Details of net assets released from restrictions for the year ended June 30, 2018 is as follows:

Southern Film Festival	<u>\$52,461</u>
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ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(6) Temporarily Restricted Net Assets

The Organization acts as a fiscal agent for various events and workshops offered to the public. All receipts and disbursements for these activities are handled through the Organization's operating cash account. However, since these funds are restricted by legal contracts, the net assets generated from the events are considered temporarily restricted. As the funds are spent in accordance with the contracts, they are released and expensed in the unrestricted net asset activities on the statement of activities. Additionally, the Organization accumulates donations to be used for individuals who cannot afford the membership dues, which are considered to be temporarily restricted.

Temporarily restricted net assets consist of the following at June 30, 2018:

Southern Film Festival	\$ 2,907
Membership Scholarship	<u>1,690</u>
	<u>\$ 4,597</u>

(7) Concentration of Credit Risk

The Organization maintains cash account balances and a certificate of deposit at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the Organization's cash balances were fully secured and therefore, not exposed to custodial credit risk.

(8) Operating Leases

Effective July 1, 2010, the Organization entered into a lease with the Lafayette City-Parish Consolidated Government for 8,300 feet of office space in the Rosa Parks Transportation Center for an initial primary term of 10 years commencing July 1, 2010 with options for two additional terms of five years each. Future minimum lease payments due under the terms of the initial primary term are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 114,955
2020	<u>114,955</u>
	<u>\$ 229,910</u>

Lease expense amounted to \$114,955 for the year ended June 30, 2018.

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(9) Support and Revenue Sources/Concentrations

The Organization receives grants and contributions from various entities. The major revenue sources are grants received from contracts with the Lafayette City-Parish Consolidated Government, Lafayette Utilities System and Cox Communications. The Organization has contracted with the Lafayette City-Parish Consolidated Government to coordinate the use of public access channels for 35% of the receipts received by the Lafayette City-Parish Consolidated Government for franchise fees.

Additionally, the Organization has contracts with Lafayette Utilities System and Cox Communications for \$52,783 and \$242,924, respectively. For the year ended June 30, 2018, approximately 95% of the Organization's revenue and other support were from these contracts. If these contracts are modified or cancelled, the impact on the Organization would be severe.

(10) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit by grantor agencies, principally the Lafayette City-Parish Consolidated Government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expense which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

(11) Risk Management

The Organization is exposed to risks of loss in the areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage in any of the past three years.

(12) Board Member Compensation

The members of the board of directors of Organization serve on a voluntary basis and receive no form of compensation for those duties.

(13) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation and benefits paid to Ed Bowie, Executive Director, for the year ended June 30, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,500
Benefits - insurance	8,208

(14) Subsequent Event Review

The Organization's management has evaluated subsequent events through October 19, 2018, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

## ACADIANA OPEN CHANNEL, INC.

Lafayette, Louisiana

## Statement of Functional Expenses

For the Year Ended June 30, 2018

	Program	Supporting Services			Total Expenses
	Services	Management		Total	
	Direct Access Television	and General	Fundraising	Support Services	
Broadcast expense	\$ 10,320	\$ -	\$ -	\$ -	\$ 10,320
Consulting	13,459	3,365	-	3,365	16,824
Depreciation	28,278	4,990	-	4,990	33,268
Dues and subscriptions	1,310	145	-	145	1,455
Employee benefits	80,848	15,159	5,052	20,211	101,059
Events	52,461	-	-	-	52,461
Insurance	11,999	2,250	750	3,000	14,999
Interest expense	428	107	-	107	535
Marketing	2,725	-	144	144	2,869
Membership development	2,955	736	3,683	4,419	7,374
Other	2,230	337	113	450	2,680
Postage	281	70	351	421	702
Printing	3,587	746	1,639	2,385	5,972
Professional services	14,453	2,709	904	3,613	18,066
Promotions	5,943	-	313	313	6,256
Rent expense	91,964	17,244	5,747	22,991	114,955
Repairs and maintenance	31,079	5,827	1,942	7,769	38,848
Salaries and wages	366,354	68,691	22,897	91,588	457,942
Supplies	12,709	2,384	795	3,179	15,888
Telephone	7,051	1,321	440	1,761	8,812
Training	8,769	1,557	-	1,557	10,326
Travel expense	459	81	-	81	540
Utilities	17,273	3,238	1,080	4,318	21,591
Volunteer development	2,834	531	177	708	3,542
Total	<u>\$ 769,769</u>	<u>\$ 131,488</u>	<u>\$ 46,027</u>	<u>\$ 177,515</u>	<u>\$ 947,284</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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*

WWW.KCSRPCAS.COM

\* A Professional Accounting Corporation

To the Board of Directors  
Acadiana Open Channel, Inc.  
Lafayette, 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 the Acadiana Open Channel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2018.

## Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified a certain deficiency in internal control that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2018-001 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Acadiana Open Channel, Inc.'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*.

## **Acadiana Open Channel, Inc.'s Response to Findings**

The Acadiana Open Channel, Inc.'s response to the finding identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 19, 2018

ACADIANA OPEN CHANNEL, INC.  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
June 30, 2018

Fiscal Year	Finding	Corrective	Name of	Anticipated
Initially	Description of Finding	Action	Contact	Completion
Ref. No.	Occurred	Taken	Person	Date
<u>CURRENT YEAR (6/30/18) --</u>				
<u>Internal Control:</u>				
2018-001	2007	N/A	N/A	N/A
	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.			
		Management is aware of the weakness relative to segregation of duties which is a result of the small staff required to administer the Organization's operations. Adding staff is not an economically viable solution, and therefore, management shall continue to monitor payroll and disbursements as well as regularly review financial statements and budget performance.		
<u>Compliance:</u>				
There were no compliance findings.				
<u>PRIOR YEAR (6/30/17) --</u>				
<u>Internal Control:</u>				
2017-001	2007	N/A	N/A	N/A
	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.			
		Management is aware of the weakness relative to segregation of duties which is a result of the small staff required to administer the Organization's operations. Adding staff is not an economically viable solution, and therefore, management shall continue to monitor payroll and disbursements as well as regularly review financial statements and budget performance.		

Compliance:

There were no compliance findings.

**ACADIANA OPEN CHANNEL, INC.**

Agreed-Upon Procedures Report

Year Ended June 30, 2018

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Board of Directors of  
Acadiana Open Channel, Inc. and  
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Acadiana Open Channel, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed 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
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, 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.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

#### ***Board or Finance Committee***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

- 2. We obtained and inspected 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) We observed 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) We observed 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
  - c) We obtained the prior year audit report and observed 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, we observed 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.

#### ***Bank Reconciliations***

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 5 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included 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.

## Collections

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4. We obtained 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. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed 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. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Obtained supporting documentation for each of the 10 deposits and:
  - a) We observed that receipts are sequentially pre-numbered.
  - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) We traced the deposit slip total to the actual deposit per the bank statement.
  - d) We observed 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) We traced the actual deposit per the bank statement to the general ledger.

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 observed 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.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) We observed that the disbursement matched the related original invoice/billing statement.
  - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. We obtained 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. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) We observed 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
  - b) We observed 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 selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed 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)

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

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14. We obtained 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. We randomly selected 5 reimbursements, obtained 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, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

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' cumulate 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.

### *Ethics*

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**(The following procedures were not applicable to nonprofit organizations.)**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### *Debt Service*

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**(The following procedures were not applicable to nonprofit organizations.)**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenant

### *Other*

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### **Exceptions:**

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No exceptions were found as a result of applying the procedures listed above except:

#### **Written Policies and Procedures:**

1. **Budgeting** - The Organization's policy did not include written procedures on the preparation, adoption, and monitoring of the budget.

2. **Purchasing** - The Organization's policy did not include written procedures on (1) how purchases are initiated; (2) controls to ensure compliance with the public bid law; or (3) documentation required to be maintained for all bids and price quotes.
3. **Receipts** - The Organization's policy did not include management's actions to determine the completeness of all collections for each type of revenue.
4. **Payroll** - There were no written procedures for payroll/personnel.
5. **Contracting** - There were no written procedures for contracting.
6. **Credit Cards** - There were no written procedures for credit cards.
7. **Travel and expense reimbursements** - The Organization's policy did not include written procedures on the dollar threshold by expense category and required approvers.

**Other:**

8. The Organization does not have the "fight fraud" link posted on their website.

*Management's response:* Management will revise their policies and procedures for the above listed exceptions and will correct all exceptions identified.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Acadiana Open Channel, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 19, 2018