

**VOLUNTEERS OF AMERICA,**  
**GREATER BATON ROUGE, INC. AND**  
**HUMAN SERVICES OF GREATER**  
**BATON ROUGE, INC.**

**JUNE 30, 2017**

**BATON ROUGE, LOUISIANA**

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## Independent Auditor's Report

Board of Directors  
Volunteers of America, Greater Baton Rouge, Inc. and  
Human Services of Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

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

We have audited the accompanying consolidating financial statements of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc., (Nonprofit Organizations) which comprise the Consolidating Statement of Financial Position as of June 30, 2017, and the related Consolidating Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidating financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc., as of June 30, 2017, and the changes in their net assets and their cash flows for the year 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 consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc.'s 2016 consolidating financial statements, and our report dated October 24, 2016, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017 on our consideration of the Organization'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
October 20, 2017

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND  
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>	<u>Human Services of Greater Baton Rouge, Inc.</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash	\$ 11,046	\$ 45,874
Accounts Receivable Less Allowance of \$27,155 and \$66,849 in 2017 and 2016	2,534,628	-
Pledges Receivable, Net	149,287	-
Prepaid Expenses	26,876	2,287
Total Current Assets	2,721,837	48,161
Land, Buildings and Equipment, at Cost Less Accumulated Depreciation of \$3,319,031 and \$3,549,995 in 2017 and 2016	1,914,554	735,767
Investments	747,219	-
Other Assets	143,612	-
Total Assets	\$ 5,527,222	\$ 783,928
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Excess Outstanding Checks in Excess of Bank Balance	\$ 155,840	\$ -
Accounts Payable	164,661	1,040
Accrued Expenses	694,818	-
Line of Credit	992,924	-
Other Liabilities	263,047	3,890
Current Portion of Long-Term Debt	66,505	33,503
Total Current Liabilities	2,337,795	38,433
<b>Long-Term Liabilities:</b>		
Long-Term Debt	491,644	158,225
<b>Net Assets:</b>		
Unrestricted	2,188,040	557,270
Temporarily Restricted	152,055	30,000
Permanently Restricted	357,688	-
Total Net Assets	2,697,783	587,270
Total Liabilities and Net Assets	\$ 5,527,222	\$ 783,928

The accompanying notes are an integral part of this statement.

Eliminations	2017 Consolidated Totals	2016 Consolidated Totals
\$ -	\$ 56,920	\$ 85,842
(1,040)	2,533,588	2,357,328
-	149,287	178,441
-	29,163	6,624
(1,040)	2,768,958	2,628,235
-	2,650,321	2,670,572
-	747,219	649,481
-	143,612	131,619
\$ (1,040)	\$ 6,310,110	\$ 6,079,907
\$ -	\$ 155,840	\$ 249,383
(1,040)	164,661	136,054
-	694,818	656,868
-	992,924	506,622
-	266,937	205,291
-	100,008	114,898
(1,040)	2,375,188	1,869,116
-	649,869	749,877
-	2,745,310	3,024,659
-	182,055	119,063
-	357,688	317,192
-	3,285,053	3,460,914
\$ (1,040)	\$ 6,310,110	\$ 6,079,907
\$ (1,040)	\$ 6,310,110	\$ 6,079,907

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND  
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Volunteers of America, Greater Baton Rouge, Inc.			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenues from Operations:</b>				
Public Support Received Directly:				
Contributions	\$ 815,737	\$ 10,349	\$ 40,496	\$ 866,582
Contributions, In-Kind	1,372,084	-	-	1,372,084
Public Support Received Indirectly:				
United Way	355,500	-	-	355,500
Total Public Support	2,543,321	10,349	40,496	2,594,166
Revenue and Grants from Governmental Agencies	14,875,387	-	-	14,875,387
Other Revenue:				
Program Service Fees	465,951	-	-	465,951
Rental Income	10,708	-	-	10,708
Miscellaneous	218,791	-	-	218,791
Total Other Revenue	695,450	-	-	695,450
Net Assets Released from Restrictions	10,349	(10,349)	-	-
Total Revenues from Operations	18,124,507	-	40,496	18,165,003
<b>Operating Expenses:</b>				
Encouraging Positive Development	2,967,571	-	-	2,967,571
Fostering Independence	9,487,229	-	-	9,487,229
Promoting Self-Sufficiency	3,013,041	-	-	3,013,041
Total Program Services	15,467,841	-	-	15,467,841
Management and General	2,384,132	-	-	2,384,132
Fund Raising	248,739	-	-	248,739
Total Supporting Services	2,632,871	-	-	2,632,871
Administrative Fees Paid to National Organization	321,514	-	-	321,514
Total Operating Expenses	18,422,226	-	-	18,422,226
Excess (Deficit) from Operations	(297,719)	-	40,496	(257,223)

(CONTINUED)

Human Services of Greater Baton Rouge, Inc.				2017	2016
Unrestricted	Temporarily Restricted	Total	Eliminations	Consolidated Totals	Consolidated Totals
\$ -	\$ 30,000	\$ 30,000	\$ -	\$ 896,582	\$ 851,954
-	-	-	-	1,372,084	864,250
-	-	-	-	355,500	316,500
-	30,000	30,000	-	2,624,166	2,032,704
-	-	-	-	14,875,387	15,069,667
-	-	-	-	465,951	479,333
168,427	-	168,427	-	179,135	196,418
-	-	-	-	218,791	223,781
168,427	-	168,427	-	863,877	899,532
-	-	-	-	-	-
168,427	30,000	198,427	-	18,363,430	18,001,903
-	-	-	-	2,967,571	2,642,196
-	-	-	-	9,487,229	9,857,094
151,040	-	151,040	-	3,164,081	2,878,492
151,040	-	151,040	-	15,618,881	15,377,782
25,809	-	25,809	-	2,409,941	2,179,746
-	-	-	-	248,739	214,666
25,809	-	25,809	-	2,658,680	2,394,412
-	-	-	-	321,514	317,673
176,849	-	176,849	-	18,599,075	18,089,867
(8,422)	30,000	21,578	-	(235,645)	(87,964)

	Volunteers of America, Greater Baton Rouge, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Non-Operating Gains (Losses) and Other Income:</b>				
Interest Income (Net of Expenses of \$3,512)	6,477	8,487	-	14,964
Gain on Sale of Assets	2,372	-	-	2,372
Net Realized and Unrealized Gains (Losses)	17,932	24,505	-	42,437
Excess (Deficit) from Other Activities	26,781	32,992	-	59,773
Change in Net Assets	(270,938)	32,992	40,496	(197,450)
<b>Net Assets - Beginning of Year</b>	<b>2,458,978</b>	<b>119,063</b>	<b>317,192</b>	<b>2,895,233</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,188,040</b>	<b>\$ 152,055</b>	<b>\$ 357,688</b>	<b>\$ 2,697,783</b>

The accompanying notes are an integral part of this statement.

Human Services of Greater Baton Rouge, Inc.				2017	2016
Unrestricted	Temporarily Restricted	Total	Eliminations	Consolidated Totals	Consolidated Totals
11	-	11	-	14,975	11,664
-	-	-	-	2,372	17,647
-	-	-	-	42,437	(27,604)
11	-	11	-	59,784	1,707
(8,411)	30,000	21,589	-	(175,861)	(86,257)
565,681	-	565,681	-	3,460,914	3,547,171
\$ 557,270	\$ 30,000	\$ 587,270	\$ -	\$ 3,285,053	\$ 3,460,914

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND  
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

Volunteers of America, Greater Baton Rouge, Inc.						
Program Services				Supporting Services		
Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Total	Management and General	Fund Raising	
Salaries	\$ 1,589,649	\$ 5,685,950	\$ 1,236,578	\$ 8,512,177	\$ 1,396,852	\$ 94,512
Pension	15,944	52,281	4,860	73,085	79,359	2,648
Employee Benefits	82,414	375,592	96,366	554,372	65,531	3,174
Payroll Taxes	107,554	384,943	86,303	578,800	86,462	7,160
Legal Fees	1,175	-	-	1,175	7,387	-
Accounting Fees	-	-	-	-	46,000	-
Other Professional Fees	266,546	368,394	58,494	693,434	243,087	78,163
Supplies and Expenses	61,896	199,620	21,019	282,535	60,179	27,054
Telecommunications	26,615	94,566	23,629	144,810	31,828	1,175
Postage	764	4,880	858	6,502	4,257	2,744
Occupancy Expenses	104,383	338,215	107,812	550,410	75,204	1,257
Interest	656	7,008	1,352	9,016	74,784	-
Insurance	20,852	116,264	33,870	170,986	76,066	-
Equipment Rental and Maintenance	24,920	73,153	7,949	106,022	27,741	382
Printing and Publications	2,234	2,686	701	5,621	10,798	4,838
Travel and Transportation	94,918	268,122	31,965	395,005	38,185	1,015
Conferences and Meetings	16,097	9,220	5,914	31,231	20,276	366
Specific Assistance to Individuals	489,339	1,442,575	1,235,107	3,167,021	-	-
Other	3,978	22,651	45,992	72,621	3,176	23,511
Depreciation and Amortization	57,637	41,109	14,272	113,018	36,960	740
Total Functional Expenses	\$ 2,967,571	\$ 9,487,229	\$ 3,013,041	\$ 15,467,841	\$ 2,384,132	\$ 248,739

Administrative Fee Paid To National Organization

Total Expenses

The accompanying notes are an integral part of this statement.

Human Services of Greater Baton Rouge, Inc.						
		Program Services	Supporting Services			
Total	Total Program and Supporting Services Expenses	Promoting Self- Sufficiency	Management and General	Total Program and Supporting Services Expenses	2017 Consolidated Total	2016 Consolidated Total
\$ 1,491,364	\$ 10,003,541	\$ -	\$ -	\$ -	\$ 10,003,541	\$ 10,180,677
82,007	155,092	-	-	-	155,092	177,212
68,705	623,077	-	-	-	623,077	701,271
93,622	672,422	-	-	-	672,422	679,035
7,387	8,562	147	-	147	8,709	7,966
46,000	46,000	-	4,558	4,558	50,558	63,964
321,250	1,014,684	-	-	-	1,014,684	943,952
87,233	369,768	-	5,971	5,971	375,739	381,985
33,003	177,813	-	-	-	177,813	190,354
7,001	13,503	-	-	-	13,503	20,504
76,461	626,871	30,714	15,280	45,994	672,865	668,309
74,784	83,800	2,224	-	2,224	86,024	72,010
76,066	247,052	23,370	-	23,370	270,422	296,550
28,123	134,145	13,294	-	13,294	147,439	111,086
15,636	21,257	-	-	-	21,257	15,306
39,200	434,205	-	-	-	434,205	456,653
20,642	51,873	-	-	-	51,873	26,254
-	3,167,021	-	-	-	3,167,021	2,372,073
26,687	99,308	-	-	-	99,308	166,761
37,700	150,718	81,291	-	81,291	232,009	240,272
<u>\$ 2,632,871</u>	<u>\$ 18,100,712</u>	<u>\$ 151,040</u>	<u>\$ 25,809</u>	<u>\$ 176,849</u>	<u>\$ 18,277,561</u>	<u>\$ 17,772,194</u>
	<u>321,514</u>				<u>321,514</u>	<u>317,673</u>
	<u>\$ 18,422,226</u>				<u>\$ 18,599,075</u>	<u>\$ 18,089,867</u>

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND  
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

**CONSOLIDATING STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE TOTALS FOR 2016

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>	<u>Human Services of Greater Baton Rouge, Inc.</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ (197,450)	\$ 21,589
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	150,718	81,291
Net Unrealized (Gain) Loss on Long-Term Investment	(42,437)	-
(Gain) Loss on Sale of Assets	(2,372)	-
Provision for Bad Debts	45,044	-
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(150,807)	19,739
(Increase) Decrease in Pledges Receivable	29,154	-
(Increase) Decrease in Other Assets	(11,993)	-
(Increase) Decrease in Prepaid Expenses	(21,082)	(1,457)
Increase (Decrease) in Accounts Payable	9,118	(70,747)
Increase (Decrease) in Other Liabilities	62,146	(500)
Increase (Decrease) in Accrued Expenses	37,950	-
Net Cash Provided by (Used in) Operating Activities	<u>(92,011)</u>	<u>49,915</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Fixed Assets	(203,277)	(14,911)
Proceeds From Sale of Fixed Assets	2,372	6,430
Purchases of Investments	<u>(55,301)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	(256,206)	(8,481)
<b>Cash Flows From Financing Activities:</b>		
Repayment of Notes Payable	(79,347)	(35,551)
Net Draws (Repayments) on Line of Credit	486,302	-
Increase (Decrease) in Excess Outstanding Checks Over Bank Balance	<u>(93,543)</u>	<u>-</u>
Net Cash Provided by (Used In) Financing Activities	<u>313,412</u>	<u>(35,551)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(34,805)</b>	<b>5,883</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b><u>45,851</u></b>	<b><u>39,991</u></b>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 11,046</u></b>	<b><u>\$ 45,874</u></b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash Payments for Interest	<u>\$ 82,442</u>	<u>\$ 2,224</u>

The accompanying notes are an integral part of this statement.

<u>Eliminations</u>	<u>2017 Consolidated Totals</u>	<u>2016 Consolidated Totals</u>
\$ -	\$ (175,861)	\$ (86,257)
-	232,009	240,272
-	(42,437)	27,604
-	(2,372)	(17,647)
-	45,044	110,445
(90,236)	(221,304)	260,341
-	29,154	(151,242)
-	(11,993)	54,557
-	(22,539)	3,119
90,236	28,607	(111,770)
-	61,646	(60,563)
-	37,950	(29,508)
-	(42,096)	239,351
-	(218,188)	(203,374)
-	8,802	25,420
-	(55,301)	(25,651)
-	(264,687)	(203,605)
-	(114,898)	(121,158)
-	486,302	(69,244)
-	(93,543)	178,611
-	277,861	(11,791)
-	(28,922)	23,955
-	85,842	61,887
<u>\$ -</u>	<u>\$ 56,920</u>	<u>\$ 85,842</u>
<u>\$ -</u>	<u>\$ 84,666</u>	<u>\$ 72,855</u>

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.  
AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

JUNE 30, 2017

**Note 1 - Summary of Significant Accounting Policies -**

Organization

Volunteers of America, Greater Baton Rouge, Inc. ('the Organization') is a nonprofit spiritually based human services organization, recognized as a church, incorporated in the State of Louisiana that provides social services within the Greater Baton Rouge and Southwest Louisiana areas under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement. Human Services of Greater Baton Rouge, Inc. ('the Organization') is a nonprofit organization incorporated in the State of Louisiana which operates as a property holding corporation for Volunteers of America, Greater Baton Rouge, Inc. The following is a list of the Impact Areas and the program services provided in each:

**Encouraging Positive Development**

Volunteers of America, Greater Baton Rouge, Inc. provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. Our programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services. This affiliate provides children and youth services.

**Fostering Independence**

Volunteers of America, Greater Baton Rouge, Inc. fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. This affiliate provides disability, elderly, health care, housing and mental health services.

**Promoting Self-sufficiency**

Volunteers of America, Greater Baton Rouge, Inc. promote self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. This affiliate provides community enhancement, correctional, health care, homeless and housing services.

Operations

The Organizations define operations as all program and supporting service activities undertaken as described above. Revenues that result from these activities, and their related expenses, are reported as operations. Gains, losses and other revenue that results from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as non-operating.

## Principles of Consolidation

The financial statements include the consolidated accounts of Volunteers of America, Greater Baton Rouge, Inc. and the related organization, Human Services of Greater Baton Rouge, Inc.

Accounting principles generally accepted in the United States of America require consolidation of all entities that an Organization has both control over and an economic interest in. Volunteers of America, Greater Baton Rouge, Inc. effectively controls the other organization's board of directors, and distributions made by the other organization are for the benefit of Volunteers of America, Greater Baton Rouge, Inc.

## Basis of Accounting

The accounting policies of the Organizations conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

## Basis of Presentation

The financial statements of the Organizations are prepared under the accrual method of accounting. The Organizations classify their net assets, its revenues and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) are displayed in a statement of financial position and the amounts of change in each of the three classes of net assets are displayed in a statement of activities.

## Allowances for Collection Losses

The allowance for collection losses are maintained at levels which are adequate to absorb reasonable foreseeable losses based on management's evaluation of outstanding balances and current economic conditions. The accounts receivable allowance was \$27,155 and \$66,849 at June 30, 2017 and 2016, respectively.

## Property and Equipment

Land, buildings and equipment purchased by the Organizations are recorded at cost. The Organizations follow the practice of capitalizing all expenditures for land, buildings, and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the estimated useful lives of the assets.

The Organizations expense purchases of property bought with funds from cost reimbursement grants from various State and Federal agencies. Special provisions contained in the State contracts specify that ownership of all property purchased shall revert back to the grantor after a specified term or under certain conditions pursuant to the contractual agreement.

## Cash Equivalents

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

## Investments

Investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and those changes could materially affect the amounts reported in the Consolidating Statement of Financial Position.

## Contributions

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

## Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Volunteers of America, Greater Baton Rouge, Inc. uses the allowance method to determine uncollectible promises for unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

## Restricted and Designated Assets

Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organizations. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets, and securities that are pledged and held by the lender as collateral for financing.

## Net Assets

The Organizations classify net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

## Contributed Services and Materials

The Organizations recognize contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills,

which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was recorded.

Donated materials and supplies are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

### Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the Consolidating Statement of Activities. Accordingly, certain costs have been allocated among the various functions based on the recording of expenses to individual cost centers assigned to each functional expense category.

### Summary Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations' financial statements for the year ended June 30, 2016, from which the summarized information was derived.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### Federal Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. are exempt from income taxes, except for net income from unrelated business income, as subordinate units of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2017 or 2016. Accordingly, no tax expense was incurred during the years ended June 30, 2017 or 2016.

Volunteers of America, Inc. files an income tax return which includes the Organizations listed above in the U.S. federal jurisdiction. With few exceptions, the Organizations are no longer subject to federal tax examinations by tax authorities for years before 2013. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organizations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2017.

## Subsequent Events

The Organizations have evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 20, 2017, the date which the financial statements were available to be issued.

### **Note 2 - Investments -**

The cost and estimated fair value including gross unrealized gains and losses of Volunteers of America, Greater Baton Rouge, Inc.'s investments at June 30, 2017 were as follows:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Mutual Funds	\$ 568,072	\$ 179,147	\$ -	\$ 747,219

Included in the caption "Net Realized and Unrealized Gains (Losses)" on the Consolidating Statement of Activities is the net increase in unrealized gains at June 30, 2017 of \$42,437.

### **Note 3 - Fair Value Measurements -**

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Organizations have the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Organizations use appropriate valuation techniques based on the available inputs to measure the fair value of these investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organizations' investments are reported at fair value in the accompanying consolidating statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments in mutual funds represent various specific investments and various pools of funds held by BRAF for the benefit of Volunteers of America, Greater Baton Rouge, Inc. and other non-profit organizations. These funds are valued at the fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

The following table sets forth by level, within the fair value hierarchy, Volunteers of America, Greater Baton Rouge, Inc.'s assets at fair value as of June 30, 2017 which are measured on a recurring basis:

	Assets at Fair Value as of June 30, 2017			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ -	\$ 747,219	\$ -	\$ 747,219

**Note 4 - Concentration of Credit Risk -**

Included in receivables are amounts due for program services provided to various agencies of the State of Louisiana and grant funds due from federal and state agencies. Allowances are provided for amounts estimated by management as uncollectible.

At various times during the year, cash on deposit with one banking institution may exceed the maximum amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash to minimize this potential risk.

**Note 5 - Unconditional Promises to Give -**

The Organization conducts an annual “Cherish the Children” fund-raising campaign. This campaign is to benefit the Children Crisis Center Program (Parker House).

The Organization conducted a Capital Campaign to benefit the Children Crisis Center Program (Parker House) in the previous years. Remaining unconditional promises to give under this program are included below.

In addition, the Organization also has the “Family Fund” fundraising campaign whereby interest earnings can be used for various programs as stipulated by the donors.

The Organization also has the Partners In Caring Campaign and the Celebration for Change Campaign whereby pledges received under the campaigns are unrestricted.

Unconditional promises to give are as follows:

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>
Receivables Due in Less Than One Year	\$ 222,945
Receivables Due in One to Five Years	<u>104,337</u>
Total Unconditional Promises to Give	327,282
Less: Allowance for Uncollectible Amounts	(42,076)
Less: Discount to Present Value	<u>(31,582)</u>
Net Unconditional Promises to Give at June 30, 2017	<u>\$ 253,624</u>

The long-term portions of the pledge receivables are included in Other Assets on the Consolidating Statement of Financial Position.

**Note 6 - Related Parties -**

The Organization is affiliated with Volunteers of America, Inc. which provides administrative services to the Organization for a fee. Affiliate fees for the fiscal year ended June 30, 2017 totaled \$321,514. The Organization also participates in the direct mail and scholastic book campaign sponsored by

Volunteers of America, Inc.

Human Services of Greater Baton Rouge, Inc. has recorded land, buildings, and leasehold improvements of the Balis Street, Harry Drive, Brownlee Street, Garfield, MidCity and River Oaks properties in its financial statements. At June 30, 2017, Human Services of Greater Baton Rouge, Inc. owes a net amount of \$1,040 to Volunteers of America, Greater Baton Rouge, Inc. This amount has been eliminated in these consolidating financial statements.

Furthermore, Volunteers of America, Greater Baton Rouge, Inc. acts as a management agent for various U.S. Department of Housing and Urban Development (HUD) housing complexes. The following is a listing of those entities with amounts due to Volunteers of America, Greater Baton Rouge, Inc. as of June 30, 2017:

Baton Rouge Residential Center, Inc.	\$ 21,734
Oberlin VOA Living Center, Inc.	4,804
Lake Charles Living Center, Inc.	26,393
Baton Rouge VOA Living Centers, Inc.	4,113
New Roads VOA Living Center, Inc.	4,736
Oak Park Plaza, Inc.	51,240
Dumas House Corporation	2,416
Elton VOA Living Center, Inc.	<u>6,200</u>
	<u>\$ 121,636</u>

The amounts listed above are included in accounts receivable as reflected in these consolidating financial statements.

#### **Note 7 - Endowment Funds -**

A version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was adopted by the State of Louisiana on July 1, 2010. The new law updated the fundamental investment principles contained in the prior law (UMIFA), by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decision be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the organization. UPMIFA also permits the Organization to accumulate for expenditure so much of an endowment fund as the Organization determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value. Seven criteria are to be used to guide the Organization in its yearly expenditure decisions:

- (1) duration and preservation of the endowment funds,
- (2) the purposes of the Organization and the endowment funds,
- (3) general economic conditions,
- (4) effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Organization, and
- (7) the investment policy of the Organization.

Volunteers of America, Greater Baton Rouge, Inc. has followed the policy of investing its endowment funds in mutual funds. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as permanently restricted net assets in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net depreciation that is not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets.

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor Restricted Endowment Funds	\$ 29,468	\$ 36,335	\$ 357,688	\$ 423,491

Changes in endowment net assets for the year ended June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ 21,959	\$ 27,848	\$ 317,192	\$ 366,999
Investment Income	-	8,487	-	8,487
Appreciation of Investments, Net	24,505	-	-	24,505
Contributions (Distributions)	(16,996)	-	40,496	23,500
Endowment Net Assets, End of Year	\$ 29,468	\$ 36,335	\$ 357,688	\$ 423,491

**Note 8 - Notes Payable -**

Notes Payable of Volunteers of America, Greater Baton Rouge, Inc. are detailed as follows:

	<u>Due Within One Year</u>	<u>Due After One Year</u>
Note dated April 14, 2011 with an original principal balance of \$150,000 payable in 180 monthly installments of \$1,247 which includes interest at a rate of 5.65%. The note is collateralized by land and building on Wooddale Boulevard.	\$ 9,396	\$ 93,310
Note dated April 14, 2011 with an original principal balance of \$608,975 payable in 180 monthly installments of \$5,061 which includes interest at a rate of 5.65%. The note is collateralized by land and building on North Boulevard.	38,145	378,823
Note dated February 20, 2015 with an original principal balance of \$36,530 payable in 60 monthly installments of \$701 which includes interest at a rate of 5.50%. The note is collateralized by a 2015 Ford Van.	7,377	14,621

(CONTINUED)

	<u>Due Within One Year</u>	<u>Due After One Year</u>
Note dated August 15, 2013 with an original principal balance of \$27,033 payable in 60 monthly installments of \$519 which includes interest at a rate of 5.5%. The note is collateralized by a 2012 Ford van.	5,959	1,539
Note dated December 10, 2013 with an original principal balance of \$25,939 payable in 60 monthly installments of \$499 which includes interest at a rate of 5.5%. The note is collateralized by a 2012 Ford van.	<u>5,628</u>	<u>3,351</u>
	<u>\$ 66,505</u>	<u>\$ 491,644</u>

Notes Payable of Human Services of Greater Baton Rouge, Inc. are detailed as follows:

	<u>Due Within One Year</u>	<u>Due After One Year</u>
Note dated December 29, 1994 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$198,646 and a 0% interest rate. Loan term is 240 months beginning with the first payment due on or by January 1, 2004. The note is collateralized by land and building on Harry Drive.	\$ 9,932	\$ 55,455
Note dated March 31, 2003 with Capital One Bank with an original principal balance of \$192,000 payable in 180 monthly installments of \$1,624 which includes a variable interest rate based on the U.S. Dollar Swap Rate plus 2.79% (current rate 3.72%). The note is collateralized by land and building on River Road.	16,020	-
Note dated October 10, 2000 with the City of Baton Rouge - Parish of East Baton Rouge with an original principal balance of \$233,024 and a 0% interest rate. Loan term is 240 months with the first payment due on or by April 1, 2001. The note is collateralized by land and building on Garfield Street.	<u>7,551</u>	<u>102,770</u>
	<u>\$ 33,503</u>	<u>\$ 158,225</u>

Note obligation maturities for years ended June 30, are as follows:

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>	<u>Human Services of Greater Baton Rouge, Inc.</u>
2018	\$ 66,505	\$ 33,503
2019	62,979	17,483
2020	60,042	17,483
2021	56,299	97,600
2022	59,563	9,932
Thereafter	<u>252,761</u>	<u>15,727</u>
	<u>\$ 558,149</u>	<u>\$ 191,728</u>

Interest expense for the year ended June 30, 2017 amounted to \$83,800 for Volunteers of America, Greater Baton Rouge, Inc., and \$2,224 for Human Services of Greater Baton Rouge, Inc.

**Note 9 - Line of Credit -**

Volunteers of America, Greater Baton Rouge, Inc. has a revolving line of credit with Capital One with a stated maximum of \$1,500,000, which expires on February 7, 2018. The line of credit bears a variable interest rate based on the Wall Street Journal Prime Rate plus 1.25% but cannot be less than 4.5% (current rate 5.5%). The line of credit is secured by Accounts Receivable, and as of June 30, 2017 had an outstanding balance of \$992,924.

**Note 10 - Minimum Lease Commitments -**

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms as of June 30, 2017:

Year Ended, June 30,	Volunteers of America, Greater Baton Rouge, Inc.
2018	\$ 203,405
2019	71,405
	<u>\$ 274,810</u>

Total rental expenses for the year ended June 30, 2017 for all operating leases was \$278,132 for Volunteers of America, Greater Baton Rouge, Inc. and \$-0- for Human Services of Greater Baton Rouge, Inc.

**Note 11 - Accrued Annual Leave -**

Volunteers of America, Greater Baton Rouge, Inc. has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 2017, times the employee's hourly rate at June 30, 2017. Employees accrue hours based upon their length of service. No more than one hundred sixty-eight hours of leave can be carried over from one year to another. Accrued leave in the amount of \$346,914 is included in the accrued expenses account on the Consolidating Statement of Financial Position.

**Note 12 - Pension Plan for Ministers -**

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense was \$88,698 for the year ended June 30, 2017.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

**Note 13 - Thrift Plan for Employees -**

Volunteers of America, Greater Baton Rouge, Inc. has a Section 403(b) Thrift Plan that covers all employees with a minimum of one year of service. The Organization matches an amount equal to 50% of the basic employee contributions made by each participant limited to 8% of their wages. Volunteers of America, Greater Baton Rouge, Inc. elected a three year cliff vesting option for this plan. The expense for the year ended June 30, 2017 was \$66,394.

**Note 14 - Memorandum of Understanding with Volunteers of America, Inc. -**

On March 13, 2007, the Organization entered into a “Memorandum of Understanding” with its national office, Volunteers of America, Inc. In accordance with the document, the Organization had been placed on “Focused Attention” status as a result of various financial conditions and the authorization by the Volunteers of America, Inc.’s Board of Directors for a payment plan for affiliate dues. This payment plan had been recorded as a note payable in previous years’ consolidating financial statements and related to additional affiliate dues that were owed at the end of the 2006 fiscal year. During the year ended June 30, 2017, the remaining note payable balance was paid in full. This “Memorandum of Understanding” was effective for a period of one-year from the date of inception until it is mutually agreed by both parties that it is completed. The Organization has since been removed from “Focused Attention” status and granted “Evergreen” status. Subsequent to June 30, 2017, Volunteers of America, Greater Baton Rouge, Inc., received a letter from the National office of Volunteers of America, Inc. The letter signified that the note payable mentioned above has been paid off in the fiscal year 2017 and all other conditions have been satisfied.

**Note 15 - Commitments and Contingencies -**

The Organization receives financial assistance directly from federal agencies which are subject to compliance audits under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

**Note 16 - Net Assets Released from Restrictions -**

Net assets released from donor restrictions for the year ended June 30, 2017 for incurring expenses satisfying the restricted purpose are as follows:

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.
Program Services	\$ 10,349	\$ -

**Note 17 - Restrictions on Net Assets -**

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>	<u>Human Services of Greater Baton Rouge, Inc.</u>
Program Services	\$ 149,454	\$ -
Clothing for Residents	2,601	-
Property Acquisitions	-	30,000
	<u>\$ 152,055</u>	<u>\$ 30,000</u>

Permanently restricted net assets consist of the following at June 30, 2017:

	<u>Volunteers of America, Greater Baton Rouge, Inc.</u>
Family Fund Endowment	\$ 355,188
Clothing for Residents	2,500
	<u>\$ 357,688</u>

**Note 18 - Schedule of Compensation, Benefits and Other Payments to President and CEO -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation, Benefits and Other Payments received by Janet Pace, President and CEO, for the year ended June 30, 2017:

Salary	\$ 145,000
SECA	820
Benefits - Health & Dental	1,989
Benefits - 403b Retirement	1,750
Benefits - Life, LTD, AD&D	82
Reimbursements	2,386
Membership Fees	970
Conference Travel	4,893
	<u>\$ 157,890</u>

SUPPLEMENTARY INFORMATION

**VOLUNTEERS OF AMERICA,  
GREATER BATON ROUGE, INC.**

STATEMENT OF ACTIVITIES FOR SPECIAL PROGRAMS\*

FOR THE YEAR ENDED JUNE 30, 2017

**Revenues from Operations:**

Government Grants and Fees	\$ 1,143,993
United Way Allocation	355,500
Other	<u>82,634</u>
Total Revenues from Operations	1,582,127

**Operating Expenses:**

Salaries	403,247
Employee Benefits	34,425
Payroll Taxes	29,322
Professional Fees	13,256
Supplies and Office Expenses	35,409
Administrative Expenses	212,901
Occupancy	63,197
Insurance	27,230
Interest Expense	1,352
Equipment Rental and Maintenance	6,519
Travel	11,246
Client Cash Subsidy	480,624
Depreciation	14,730
Other	8,761
Shared Expenses	<u>67,025</u>
Total Operating Expenses	<u>1,409,244</u>
Change in Net Assets	\$ <u>172,883</u>

\* Includes all programs of Volunteers of America, Greater Baton Rouge, Inc. which received Capital Area United Way Funding annual allocation.

See independent auditor's report.

**VOLUNTEERS OF AMERICA,  
GREATER BATON ROUGE, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Federal Expenses
<u>U.S. Department of Housing and Urban Development</u>		
Direct Program:		
Supportive Housing Program	14.235	\$ 459,126
Passed Through City Parish:		
Supportive Housing Program	14.235	<u>30,867</u>
		489,993
Passed Through City Parish:		
Emergency Solutions Grants Program	14.231	62,069
Passed Through Emergency Food and Shelter Nation Board Program:		
Emergency Solutions Grants Program	14.231	<u>13,805</u>
		75,874
Direct Program:		
Continuum of Care Program - passed through to sub-recipient	14.267	36,145
Passed Through Office of Community Planning and Development:		
Housing Opportunities for Persons with AIDS Program	14.241	<u>420,812</u>
Total U.S. Department of Housing and Urban Development		1,022,824

(CONTINUED)

<u>Federal Grantor/ Pass - Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenses</u>
<u>U.S. Department of Veterans Affairs</u>		
Direct Program:		
V.A. Homeless Grant	64.024	109,908
Passed Through Volunteers of America, Greater New Orleans: Supportive Services for Veteran Families Program	64.033	<u>416,022</u>
Total U.S. Department of Veterans Affairs		525,930
<u>U.S. Department of Justice</u>		
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice: Shelter Program - Child Abuse (Louisiana Commission on Law Enforcement Project Number 2902 & 2904)	16.575	60,028
<u>U.S. Department of Health and Human Services</u>		
Passed Through Louisiana Department of Education:		
Child Care Development Block Grant	93.575	1,650,367
Community Network Lead Agencies (Project #28-16-CO & #28-17-CY)	93.575	9,701
Believe and Prepare - Early Childhood (Project #28-16-BH)	93.575	<u>24,579</u>
		1,684,647
Passed Through St. Helena Parish School District: Community Networking Coaching	93.575	11,000
Passed Through Beauregard Parish Early Childhood Network: CLASS Observations	93.575	2,100
Passed Through Vermillion Parish School Board: CLASS Toddler	93.575	2,100
Passed Through Iberia Parish School Board: CLASS Toddler	93.575	<u>3,150</u>
		1,702,997

(CONTINUED)

<u>Federal Grantor/ Pass - Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenses</u>
Passed Through Louisiana Department of Children and Family Services:		
Temporary Assistance for Needy Families	93.558	62,726
Passed Through Louisiana Department of Health and Hospitals, Office of Behavioral Health:		
Path	93.150	181,910
Passed Through City Parish - Division of Human Development and Services:		
HIV Emergency Relief	93.914	<u>970,222</u>
Total U.S. Department of Health and Human Services		<u>2,917,855</u>
Total Federal Assistance		<u><u>\$ 4,526,637</u></u>

See independent auditor's report.

**VOLUNTEERS OF AMERICA,  
GREATER BATON ROUGE, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2017

**Note A - Significant Accounting Policies -**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Volunteers of America, Greater Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Note B - Indirect Cost Rate Election -**

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2017.

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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

Board of Directors  
Volunteers of America, Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volunteers of America, Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Volunteers of America, Greater Baton Rouge, 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 Volunteers of America, Greater Baton Rouge, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Volunteers of America, Greater Baton Rouge, 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*.

### **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. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hammis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
October 20, 2017

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Independent Auditor's Report on Compliance  
for Each Major Program and on  
Internal Control Over Compliance  
Required by the Uniform Guidance

Board of Directors  
Volunteers of America, Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Volunteers of America, Greater Baton Rouge, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America, Greater Baton Rouge, Inc.'s major federal programs for the year ended June 30, 2017. Volunteers of America, Greater Baton Rouge, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Volunteers of America, Greater Baton Rouge, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Volunteers of America, Greater Baton Rouge, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Volunteers of America, Greater Baton Rouge, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Volunteers of America, Greater Baton Rouge, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America, Greater Baton Rouge, Inc.'s internal control over compliance.

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

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

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

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
October 20, 2017

**VOLUNTEERS OF AMERICA,  
GREATER BATON ROUGE, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

A. As required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

- Type of report issued on financial statements - unmodified.
- Type of report issued on compliance for major programs - unmodified.
- The results of audit procedures disclosed no material noncompliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following program was tested as a Type "A" major program:

Federal Grantor/  
Pass - Through Grantor/  
Program Title

CFDA  
Number

U.S. Department of Health and Human Services

Passed Through City Parish - Division of Human Development and Services:  
HIV Emergency Relief

93.914

- The threshold for distinguishing Types A and B programs was \$750,000.
- The Organization was determined to be a low-risk auditee.

B. Internal Control Over Financial Reporting - None

C. Compliance and Other Matters - None

**VOLUNTEERS OF AMERICA,  
GREATER BATON ROUGE, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2017

None



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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Board of Directors  
Volunteers of America, Greater Baton Rouge, Inc. and  
the Louisiana Legislative Auditor  
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Volunteers of America, Greater Baton Rouge, Inc. (a nonprofit organization) 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, 2016 through June 30, 2017. 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***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No findings**
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes - **No findings**
  - c) ***Disbursements***, including processing, reviewing, and approving - **No findings**

- d) *Receipts*, including receiving, recording, and preparing deposits - **No findings**
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked - **No findings**
- 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

**Finding** - Policies do not address types of services requiring written contracts, terms and conditions, legal review, and monitoring.

**Management's Response/Corrective Action** - Volunteers of America, Greater Baton Rouge, Inc. will include criteria in their policies and procedures on what types of services require written contracts. In addition, policies are already reviewed annually for updates or changes and approved at the annual board meeting. Volunteers of America, Greater Baton Rouge, Inc. is also completing the implementation of a contract management system for efficient administration of all contracts.

- 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, and (5) monitoring card usage - **No findings**
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers - **No findings**
- 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. Note: Ethics requirements are not applicable to nonprofits - **Not applicable**
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements - **Not applicable**

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document - **No findings**
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis) - **No findings**
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan - **No findings**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period - **No findings**

### ***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete - **No findings**
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared; - **No findings**
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and - **No findings**
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period - **No findings**

### ***Collections***

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- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete - **No findings**
- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee - **No findings**
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected - **No findings**
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**Findings:** HTB noted three instances in which deposits were not made within one day of collection. Two instances were noted where the deposit was made two days after receipt. In the remaining one instance the deposit was made three days after receipt.

**Management's Response/Corrective Action** - To the extent practically possible, Volunteers of America, Greater Baton Rouge, Inc. will endeavor to make every effort to make deposits within one day of collection. Collections on Fridays, late afternoon could cause a delay and barring any weekend or holiday involved.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions - **No findings**
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections - **No findings**

**Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete - **No findings**
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system - **No findings**
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase - **No findings**
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice - **No findings**

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Finding:** Person responsible for processing payments in Accounts Payable section is not prohibited from adding vendors to purchasing/disbursement system.

**Management's Response/Corrective Action** - Due to staff size, segregation of duties is not always possible. However, on a quarterly basis, the Controller prepares and reviews and the CFO approves all new vendors added to the disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases - **No findings**
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks - **No findings**
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions - **No findings**

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete - **No findings**
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.] - **No findings**
- b) Report whether finance charges and/or late fees were assessed on the selected statements - **No findings**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing) - **No findings**
- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased) - **No findings**
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating - **No findings**
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.) - **No findings**
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions - **No findings**
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception - **No findings**

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete - **No findings**
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates - **No findings**
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates - **No findings**
- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.] - **No findings**
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating) - **No findings**
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) - **No findings**
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception - **No findings**
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement - **No findings**

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete - **No findings**
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid - **No findings**
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) - **No contracts subject to the Louisiana Public Bid Law or Procurement Code**
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice - **No findings**
  - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment - **No contracts amended**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract - **No findings**
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter) - **Not applicable, see 21(b)**

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

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure - **No findings**
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy - **No findings**
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Report whether 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.) - **No findings**
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials - **No findings**
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave - **No findings**
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management - **No findings**
- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines - **No findings**

### *Ethics (excluding nonprofits)*

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed - **Not applicable to nonprofits**
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy - **Not applicable to nonprofits**

### *Debt Service (excluding nonprofits)*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained - **Not applicable to nonprofits**
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants - **Not applicable to nonprofits**
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off - **Not applicable to nonprofits**

### *Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled - **None noted**
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Finding** - Notice was not posted on the premise or website as of August 10, 2017, but notice was posted on the premises and website as of September 5, 2017.

**Management’s Response/Corrective Action** - As noted in the finding, the Notice has been posted on the premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception - **No findings**

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.

Respectfully submitted,

*Hannia T. Bourgeois, LLP*

Baton Rouge, Louisiana  
October 20, 2017