

*Children's Advocacy
Network, Inc.*

Alexandria, Louisiana

December 31, 2019

Children's Advocacy Network, Inc.

December 31, 2019

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report.....		1-2
Financial Statements		
Statement of Financial Position.....	A	3
Statement of Activities.....	B	4
Statement of Functional Expenses.....	C	5
Statement of Cash Flows.....	D	6
Notes to Financial Statements.....		7-16
	<u>Schedule</u>	
Supplemental Information.....		17
Schedule of CASA Assistance Program (CASA AP) Revenue and Expenses.....	1	18
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer.....	2	19
Schedule of Expenditures of Federal Awards.....	3	20
Other Reports Required by <i>Government Auditing Standards</i> and the Uniform Guidance.....		21
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 <i>Government Auditing Standards</i>		22-24
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....		25-28
Schedule of Findings and Questioned Costs.....		29-30
Management's Summary Schedule of Prior Audit Findings.....		31



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report

To the Board of Directors of
Children's Advocacy Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Advocacy Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Rebecca B. Morris, C.P.A.
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Cindy L. Humphries, C.P.A.
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1



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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Advocacy Network, Inc., as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of CASA Assistance Program revenue and expenses and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020, on our consideration of Children's Advocacy Network, Inc's., internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Advocacy Network, Inc's., internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Advocacy Network, Inc's., internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP
Certified Public Accountants
Alexandria, Louisiana

June 12, 2020

Children's Advocacy Network, Inc.
Statement of Financial Position
December 31, 2019

Exhibit A

Assets

Current Assets

Cash	\$ 113,624
Receivables	464,468
Certificate of deposit	35,046
Total Current Assets	613,138

Investments

1,125,304

Property, Plant, and Equipment - Net of Depreciation

421,701

Other Assets

Deposits	2,755
	2,755

Total Assets

\$ 2,162,898

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 946
Accrued liabilities	290
Total Current Liabilities	1,236

Net Assets

Without donor restrictions	
Undesignated	928,368
Designated - long-term investment plan	1,138,590
With donor restrictions	94,704
Total Net Assets	2,161,662

Total Liabilities and Net Assets

\$ 2,162,898

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

Children's Advocacy Network, Inc.
Statement of Activities
Year Ended December 31, 2019

Exhibit B

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 128,858	\$ -	\$ 128,858
Fundraising events	179,161	-	179,161
Grants	61,500	1,406,917	1,468,417
Court costs	49,102	-	49,102
Investment income			
Interest and dividends	46,866	-	46,866
Unrealized gain (loss) on investments	119,745	-	119,745
Net assets released from restrictions	1,359,819	(1,359,819)	-
Total Revenue and Support	1,945,051	47,098	1,992,149
Expenses			
Program Services			
Advocacy Center	701,518	-	701,518
CASA	954,300	-	954,300
Total Program Services	1,655,818	-	1,655,818
Supporting Services			
Management and general	124,139	-	124,139
Fundraising	24,512	-	24,512
Total Supporting Services	148,651	-	148,651
Total Expenses	1,804,469	-	1,804,469
Change in Net Assets	140,582	47,098	187,680
Net Assets - Beginning of Year, As Restated	1,926,376	47,606	1,973,982
Net Assets - End of Year	\$ 2,066,958	\$ 94,704	\$ 2,161,662

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

Children's Advocacy Network, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

Exhibit C

	Program Services			Supporting Services			Total Expenses
	Advocacy Center	CASA	Total	Management and General	Fundraising	Total	
Advertising	\$ 23,177	\$ 43,518	\$ 66,695	\$ -	\$ -	\$ -	\$ 66,695
Payroll taxes and benefits	53,536	93,918	147,454	13,757	-	13,757	161,211
Salaries	338,109	593,143	931,252	86,884	-	86,884	1,018,136
Telephone and utilities	17,326	30,394	47,720	4,452	-	4,452	52,172
Supplies	22,841	21,784	44,625	163	500	663	45,288
Insurance	12,109	9,821	21,930	-	-	-	21,930
Professional services	60,208	29,965	90,173	-	-	-	90,173
5 Depreciation	16,220	28,454	44,674	4,168	-	4,168	48,842
Rent	90,000	25,200	115,200	-	-	-	115,200
Travel and education	59,146	70,422	129,568	523	-	523	130,091
Other	8,846	7,681	16,527	14,192	24,012	38,204	54,731
Total Expenses	\$ 701,518	\$ 954,300	\$ 1,655,818	\$ 124,139	\$ 24,512	\$ 148,651	\$ 1,804,469

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

Children's Advocacy Network, Inc.
Statement of Cash Flows
Year Ended December 31, 2019

Exhibit D

Cash Flows from Operating Activities

Change in net assets	\$ 187,680
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	48,842
Unrealized (gain) or loss on investments	(119,745)
Changes in operating assets and liabilities:	
Accounts receivable	(243,738)
Prepaid expenses	1,849
Accounts payable	(137)
Accrued liabilities	92
Net Cash Provided by (Used in) Operating Activities	(125,157)

Cash Flows from Investing Activities

Purchase of property and equipment	(26,454)
Purchase of investments	(75,460)
Proceeds from the sale of investments	109,291
Net Cash Provided by (Used in) Investing Activities	7,377

Net Cash Provided by (Used in) Financing Activities

-

Net Increase (Decrease) in Cash

(117,780)

Cash, Beginning of Year

231,404

Cash, End of Year

\$ 113,624

Additional Required Disclosures:

1. No amounts were paid for interest during the year.
2. No amounts were paid for taxes during the year.
3. There were no material noncash investing or financing transactions during the year that affected recognized assets and liabilities.

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

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization

Children's Advocacy Network, Inc. (C.A.N.) is a nonprofit organization which utilizes an interagency approach to the investigation, prosecution, and treatment of children sexually and physically abused. The mission of C.A.N. is to lessen the trauma experienced by child abuse victims as allegations are investigated and to provide support for the child victim in any resulting proceeding within the criminal justice system. Program activities conducted in pursuit of this mission are described as follows:

- Advocacy Center – The advocacy center coordinates the efforts of child protection staff, law enforcement professionals, family advocates, medical experts, and mental health clinicians under one roof to foster hope and healing for children and their families.
- CASA – Court Appointed Special Advocates (CASAs) are trained community volunteers appointed by the judge to represent the interests of abused and neglected children. CASAs conduct an independent investigation for the purposes of providing the court with objective recommendations regarding the child's best interest. C.A.N. recruits, screens, and trains CASA volunteers.

Basis of Presentation

The financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles.

As required by Generally Accepted Accounting Standards, net assets and activities are classified in the following manner:

- Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, court costs, and interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- Net assets with donor restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished. Until that time, these net assets are restricted.

Cash and Cash Equivalents

Cash and cash equivalents represent bank deposits and highly liquid investments with original maturities of three months or less.

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

Promises to Give

As required by generally accepted accounting principles, unconditional promises to give are reported as revenue when the promise is made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled. Grants provided by the CASA Assistance Program and Louisiana Commission on Law Enforcement are considered conditional promises to give while all other grants received are considered unconditional promises to give.

Certificates of Deposit

Certificates of deposit have a maturity date in excess of 90 days when purchased and are stated at cost, which approximates market value. Certificates of deposit having a maturity date greater than one year from year-end are considered long-term assets.

Investments

Investments consist of marketable securities that are reported at fair market value based on quoted market prices. Equity investments that are not actively traded are reported at cost when fair market values are not available.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost on the date of acquisition. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Donated property is recorded at the estimated fair value upon receipt. Depreciation is computed using the straight-line methods over estimated useful lives ranging from 5 to 40 years.

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, C.A.N. reports expirations of donor restrictions when the donated or acquired assets are placed in service. C.A.N. reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Compensated Absences

Employees are allowed to accumulate and carry over a maximum of 40 hours of vacation time per year. Actual amounts carried over were immaterial at December 31, 2019.

Use of Donated Facilities

C.A.N. rents an office facility for \$1 each year under the terms of a lease agreement (see Note 15 – Leases). Contribution revenue and rent expense are recognized in an amount approximating the annual estimated fair-value rental of the property.

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are salaries, payroll taxes and benefits, telephone and utilities, and depreciation, which are based on time spent. All other expenses are allocated based on direct costs.

Advertising

C.A.N.'s advertising programs are not considered to have any significant benefits for future periods. Accordingly, advertising costs are expensed as incurred.

Income Taxes

C.A.N. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, C.A.N. is not classified as a "private foundation" by the Internal Revenue Service.

C.A.N.'s tax returns remain subject to audit by the IRS for three years after filing. At December 31, 2019, the returns for 2016, 2017, and 2018 remain open.

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires certain estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 12, 2020, the date which the financial statements were available for issue.

Change in Accounting Policy

As of January 1, 2019, C.A.N. changed the way it accounts for its grant revenue from the Louisiana Commission on Law Enforcement. Before 2019, C.A.N. considered this grant as an unconditional promise to give which allows for the revenue to be recognized when the promise is made. However, due to the current economic conditions and recent history with the grant, C.A.N.'s management has determined that this grant should now be considered a conditional promise to give. Therefore, C.A.N. will now recognize the grant revenue as funds are spent and the reimbursement request is made. Accounting for this grant will also be consistent with the way C.A.N. accounts for its grant revenue from the CASA Assistance Program.

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

The change in accounting principle requires a retrospective application to the prior period's financial statements. Accordingly, C.A.N.'s beginning net assets with donor restrictions have decreased by \$337,450 and grant revenue increased by the same amount. This adjustment represents the amount of grant revenue recognized in the prior year that was unspent.

New Pronouncements

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (Subtopic 825-10). The amendments in this Update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This standard was implemented effective January 1, 2019. The adoption of this guidance did not have a material impact on C.A.N.'s financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The amendments in this Update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard was implemented effective January 1, 2019. The adoption of this guidance did not have a material impact on C.A.N.'s financial statements.

2. Cash

Demand deposits	\$ 100,338
Money market accounts	<u>13,286</u>
	\$ 113,624

3. Receivables

Grants and pledges	\$ 420,895
Court costs	40,917
Credit card receivable	<u>2,656</u>
	\$ 464,468

Receivables are considered entirely collectible, and there is no allowance for doubtful accounts. Furthermore, the entire balance is considered collectible within one year.

4. Certificate of Deposit

The certificate of deposit is held at a local brokerage firm and earned interest at a rate of 2.5% in 2019. The certificate of deposit matures February 28, 2020.

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

5. Investments

Investment securities are reported at quoted market prices. Investment securities held at year-end are described as follows:

Fixed income securities	\$ 206,803
Mutual funds	486,515
Exchange traded products	416,826
Real estate investment trust	15,160
	\$ 1,125,304

Fixed income securities consist of various bond issues that are described more fully as follows:

	<u>Moody Rating</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Total</u>
General Electric Capital	BAA1	09/15/20	5.900%	\$ 61,463
Goldman Sachs Group	A3	03/15/20	5.375%	40,250
JPMorgan Chase Group	A3	09/10/24	3.875%	53,500
Wells Fargo Group	A2	02/19/25	3.000%	51,590
				\$ 206,803

Mutual funds consist of various professionally managed investment arrangements designed to invest in various securities. Details related to mutual fund holdings are described as follows:

<u>Investment Category</u>	
Domestic convertible securities	\$ 45,320
Intermediate term bonds	280,498
High yield bonds	44,649
World bonds	88,592
Variable rate senior corporate debt	27,456
	\$ 486,515

Exchange traded products are investment vehicles that are traded on various stock exchanges. These funds are invested in various securities in a manner designed to track various market indices that are more fully described as follows:

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

<u>Market Index</u>	<u>Total</u>
IShares	
Morningstar Dividend Leaders Index	\$ 48,870
Morgan Stanley Capital International – Emerging Markets	32,979
Exchange - Traded Northern American Energy Infrastructure	32,117
S & P 500 Citigroup Growth	68,742
S & P North American Natural Resources Sector	27,692
Morgan Stanley Capital International – Europe, Australasia, and Far East	40,275
S & P Midcap 400/Citigroup Value	42,683
S & P Smallcap 600/Citigroup Value	42,290
S & P U.S. Preferred Stock	48,867
Utilities Select Sector SPDR Fund	<u>32,311</u>
	\$ 416,826

A real estate investment trust (REIT) invests in commercial properties, industrial properties, and loans secured by real estate. Shares in the REIT are not actively traded but shareholders are offered an opportunity to redeem shares at amounts based on estimated fair market values. The estimated fair market values have been determined based on valuations provided by third party real estate advisors. Management has evaluated these shares for impairment and determined that there were no circumstances or events that are expected to have an adverse impact on the value of the REIT investments.

6. Endowments

The endowments held by C.A.N. consist entirely of funds designated by the Board of Directors and are classified as net assets without donor restrictions. C.A.N. invests these funds according to an investment strategy that currently includes having an independent investment advisor manage the funds to achieve a total return of about 7% per year by investing in asset classes such as money market, fixed income, equity, and alternative investments. C.A.N.'s current spending policy includes distributing investment income of 5% to support undesignated operations and reinvesting any income in excess of 5%.

Changes in endowment net assets for the year ended December 31, 2019, consist of the following:

	<u>Total</u>
Endowment, beginning of year	\$ 1,074,436
Contributions	-
Investment income	18,087
Net appreciation (depreciation)	119,745
Fees	(4,985)
Appropriations	<u>(68,693)</u>
Endowment, end of year	\$ 1,138,590

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

7. Fair Values

C.A.N. is required to disclose estimated fair value for all financial instruments and non-financial instruments measured at fair value on a recurring basis. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

C.A.N. uses the appropriate valuation technique based on the available inputs to measure the fair value of its investments.

Details regarding assets measured at fair value on a recurring basis are provided as follows:

<u>Description</u>	<u>Fair Value Measurement at Reporting Date Using</u>			
	<u>Total</u> 12/31/19	<u>Quoted Prices</u> In Active Markets for Identical Assets (Level 1)	<u>Significant</u> Other Observable Inputs (Level 2)	<u>Significant</u> Unobservable Inputs (Level 3)
Fixed income securities	\$ 206,803	\$ 206,803	\$ -	\$ -
Mutual funds	486,515	486,515	-	-
Exchange traded products	416,826	416,826	-	-
Real estate investment trust	<u>15,160</u>	<u>-</u>	<u>15,160</u>	<u>-</u>
Total Investments	\$ 1,125,304	\$ 1,110,144	\$ 15,160	\$ -

A reconciliation of fair values measured using Level 2 inputs is provided as follows:

<u>Fair Value Measurements Using Level 2 Inputs</u>	
Beginning Balance	\$ 19,800
Unrealized gain (loss) on investment	<u>(4,640)</u>
Ending Balance	\$ 15,160

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

8. Property, Plant, and Equipment

Office building	\$ 219,151
Furniture, equipment, and vehicles	422,897
Leasehold improvements	<u>301,715</u>
Total property, plant, and equipment	943,763
Accumulated depreciation	<u>(522,062)</u>
Property, plant, and equipment, net of accumulated depreciation	\$ 421,701

Depreciation expense for 2019 was \$48,842.

9. Net Assets without Donor Restrictions

C.A.N.'s net assets without donor restrictions totaled \$2,066,958 as of December 31, 2019. Of this amount, \$1,138,590 was designated by the Board of Directors as a long-term investment plan to establish reserves and generate investment income. Amounts held in money market accounts and investment securities have been designated for the long-term investment plan.

10. Net Assets with Donor Restrictions

The unexpended portion of various grants and contributions (cash and receivables) has been classified as net assets with donor restrictions due to restrictions imposed by various grantors and donors. Net assets with donor restrictions at year-end consist of the following:

Louisiana Charities	\$ 62,949
Coughlin Saunders	25,000
Louisiana Bar Association	<u>6,755</u>
	\$ 94,704

11. Conditional Promises to Give

C.A.N. is the recipient of CASA Assistance Program (CASA AP) funds provided through the State of Louisiana which include TANF (Temporary Assistance for Needy Families) funds from the federal government. C.A.N. is also the recipient of Crime Victim Assistance funds from the Louisiana Commission of Law Enforcement provided through the State of Louisiana from the federal government. Both grants are available on a cost reimbursement basis. Based on the terms of the grant agreements and past experience, these grant awards are not considered revenue until expenses qualifying for reimbursement are incurred. Accordingly, the unexpended portion of the grant awards is considered a conditional promise to give. At December 31, 2019, conditional promises to give included the following:

CASA Assistance Program	\$ 335,362
Crime Victim Assistance	<u>499,354</u>
	\$ 834,716

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

12. Liquidity and Availability of Financial Assets

The following reflects C.A.N.'s financial assets as of December 31, 2019, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations:

Financial Assets:	
Cash	\$ 113,624
Receivables	464,468
Certificate of deposit	35,046
Investments	<u>1,125,304</u>
	1,738,442
Less amount unavailable for general expenditure within one year due to purpose restrictions by donors	(94,704)
Less amount unavailable to management without Board's approval due to Board designation for long-term investment plan	<u>(1,138,590)</u>
Total financial assets available to meet cash needs for general expenditures within one year	\$ 505,148

C.A.N. must maintain sufficient resources to meet responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of C.A.N.'s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, C.A.N. operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues and utilizing donor-restricted resources from current and prior years' contributions and grant funds.

13. Contingent Liabilities

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of C.A.N. Management of C.A.N. believes disallowances, if any, will not be material.

14. Concentrations

C.A.N. maintains a checking account at a local financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. All cash was insured at December 31, 2019. C.A.N. also has investment accounts with two brokerage firms which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 each. Some brokerage firms carry additional insurance to cover amounts over \$500,000. There were no uninsured balances held in the brokerage firms at December 31, 2019.

CASA AP and Red River Delta provided \$1,311,162 in grants, which is approximately 66% of total revenue and support. Without these grants, programs would be significantly affected.

Children's Advocacy Network, Inc.
December 31, 2019

Notes to Financial Statements

See Accountant's Compilation Report

15. Leases

C.A.N. has entered into the following lease agreements to rent office space:

Beginning in 2014, C.A.N. rents an office facility at 1506 Albert Street in Alexandria to conduct the forensic interviewing services. The term of the lease agreement covers the period from January 1, 2014 to December 3, 2028. Under this agreement, C.A.N. agrees to operate the facility as a children's advocacy center for the benefit of the community, pay for any remodeling, and pay an annual rental of \$1 due at the beginning of the lease. Contribution revenue and rent expense have been recognized in the amount of \$90,000 for the year ended December 31, 2019.

Beginning in 2015, C.A.N. rented an office facility at 631 North Main Street in Marksville to recruit, screen, and train CASA volunteers in Avoyelles Parish. The lease term began on April 1, 2018 and expired on March 31, 2019 with monthly payments of \$800. This lease was extended for another year expiring on March 31, 2020. Total rent expense has been recognized in the amount of \$9,600 for the year ended December 31, 2019. Beginning in April 2020, the lease term is on a month-to-month basis.

Beginning in 2016, C.A.N. rents an office facility at 453 Second Street in Colfax to recruit, screen, and train CASA volunteers in Grant Parish. The lease term is on a month-to-month basis beginning March 1, 2016 with monthly payments of \$400. Beginning in October 2017, the monthly payments increased to \$500. Total rent expense has been recognized in the amount of \$6,000 for the year ended December 31, 2019.

Beginning in 2016, C.A.N. rents an office facility at 104 South Jones Street in Winnfield to recruit, screen, and train CASA volunteers in Winn Parish. The lease term is on a month-to-month basis beginning April 1, 2017 with monthly payments of \$500. Total rent expense has been recognized in the amount of \$6,000 for the year ended December 31, 2019.

Beginning in 2019, C.A.N. rents an office facility at 2805C East Oak Street in Jena to recruit, screen, and train CASA volunteers in LaSalle Parish. The lease term is on a month-to-month basis beginning April 1, 2019 with monthly payments of \$400. Total rent expense has been recognized in the amount of \$3,600 for the year ended December 31, 2019.

16. Retirement Plan

C.A.N. provides the option for employees to participate in a 403(b) tax deferred retirement plan. An employee is immediately eligible to participate in this plan. Participants are allowed to make individual voluntary contributions to the plan through salary deferral. The maximum allowable contributions are regulated by the Internal Revenue Service regulations. C.A.N. does not make any matching or discretionary retirement plan contributions.

Supplemental Information

Children's Advocacy Network, Inc.
Schedule of CASA Assistance Program (CASA AP) Revenue and Expenses
Year Ended December 31, 2019

Schedule 1

CASA AP Revenue

Federal (TANF)	\$ 254,376
State of Louisiana	277,767
Total CASA AP Revenue	\$ 532,143

CASA AP Expenses

Salaries	\$ 286,821
Payroll taxes and benefits	51,100
Professional services	3,634
Operating expenses	77,308
Travel	24,976
Training	6,145
Supplies	15,178
Printing/copying	10,000
Administration - CASA AP funded	56,981
Total CASA AP Expenses	\$ 532,143

See independent auditor's report.

Children's Advocacy Network, Inc.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
Year Ended December 31, 2019

Schedule 2

William Bond, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,000
Benefits - insurance	2,060
Travel	2,909
Meals	791
Reimbursements	545
Total	\$ 81,305

See independent auditor's report.

Children's Advocacy Network, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Schedule 3

Federal Grantor/ Pass-through Grantor/ Program Name	CFDA Number	Pass-through Grant Number	Amount Expended
United States Department of Justice-			
Office for Victims of Crime			
Passed through the State of Louisiana			
Commission on Law Enforcement and Administration of Criminal Justice			
Crime Victim Assistance	16.575	2016-VA-03-3916	\$ 404,645
Crime Victim Assistance	16.575	2017-VA-03-4556	374,374
Passed through National Children's Alliance			
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	ALEX-LA-SA19	<u>7,000</u>
Total United States Department of Justice			<u>786,019</u>
United States Department of Health and Human Services-			
Administration for Children and Families			
Passed through the State of Louisiana			
Office of the Judicial Administrator			
TANF Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	71,506
Temporary Assistance for Needy Families (TANF)	93.558	N/A	<u>182,870</u>
Total United States Department of Health and Human Services			<u>254,376</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,040,395</u></u>

Notes:

(1) The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Children's Advocacy Network, Inc. (C.A.N.) under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the C.A.N., it is not intended to and does not present the financial position, changes in net position, or cash flows of the C.A.N.

(2) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) No federal funds were awarded to subrecipients during the year ended December 31, 2019.

(4) Children's Advocacy Network, Inc. did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

**Other Reports Required by
Government Auditing Standards
And the Uniform Guidance**

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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*

To the Board of Directors of
Children's Advocacy Network, Inc.

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 Children's Advocacy Network, Inc. (C.A.N.) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Advocacy Network, 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 C.A.N.'s internal control. Accordingly, we do not express an opinion on the effectiveness of C.A.N.'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.

Rebecca B. Morris, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Advocacy Network, 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 C.A.N.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering C.A.N.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

June 12, 2020

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



PAYNE, MOORE & HERRINGTON, LLP

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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

To the Board of Directors of
Children's Advocacy Network, Inc.

Report on Compliance for Each Major Federal Program

We have audited the Children's Advocacy Network, Inc.'s (C.A.N.) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of C.A.N.'s major federal programs for the year ended December 31, 2019. C.A.N.'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 the Children's Advocacy Network, 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Children's Advocacy Network, 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 C.A.N.'s compliance.

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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

Opinion on Each Major Federal Program

In our opinion, the Children's Advocacy Network, 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 December 31, 2019.

Report on Internal Control Over Compliance

Management of the Children's Advocacy Network, 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 C.A.N.'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 C.A.N.'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 a 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.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

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.

A handwritten signature in cursive script that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

June 12, 2020

**Children's Advocacy Network, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> x </u> No	
Significant deficiency identified not considered to be a material weakness?	_____ Yes	<u> x </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u> x </u> No	
Management's Corrective Action Plan	None issued		
Management's Summary Schedule of Prior Audit Findings	See attached		
Memorandum of Other Comments and Recommendations	None issued		

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u> x </u> No	
Significant deficiency identified not considered to be a material weakness?	_____ Yes	<u> x </u> None reported	
Type of auditor's report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes	<u> x </u> None reported	

**Children's Advocacy Network, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019**

Identification of major programs:

CFDA Numbers

16.575

Name of Federal Program or Cluster

Crime Victim Assistance

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

_____ Yes x No

Section II - Financial Statement Findings

Not Applicable.

Section III – Federal Award Findings and Questioned Costs

Not Applicable.



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Children's
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**Children's Advocacy Network, Inc.
Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019**

Finding 2018-001 – Material Audit Adjustments

Condition and Context: Control deficiencies resulted in a material audit adjustment. These deficiencies may not have been detected except for independent audit procedures.

Current Status: Resolved.

Finding 2018-002 – Improper Classification of Expenses

Condition and Context: Some expenses are misclassified as they relate to grants in the general ledger.

Current Status: Resolved.



Children's Advocacy Network, Inc.

Statewide Agreed-Upon Procedures Report

Alexandria, Louisiana

December 31, 2019



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of
Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Children's Advocacy Network, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. 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 results are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions noted.

Board or Finance Committee

- 2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: Not applicable – no prior year exceptions noted.

Bank Reconciliations

- 3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: Not applicable – no prior year exceptions noted.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

Collections (excluding EFTS)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five (5) deposit sites [or all deposit sites if less than five (5)].

Results: No exceptions noted.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [i.e. five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions noted.

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

Results: No exceptions noted.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

7. Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100].
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

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

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations [or all locations if less than five (5)].

Results: Not applicable – no prior year exceptions noted.

9. **Procedure:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two (2) employees are involved in processing and approving payments to vendors.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: Not applicable – no prior year exceptions noted.

10. Procedure: For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Not applicable – no prior year exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Procedure: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions noted.

12. Procedure: Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card (for a debit card, randomly select one (1) monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: In our test of five (5) credit card statements, we noted one (1) instance in which there was no evidence that the monthly statement and supporting documentation was reviewed by someone other than the authorized card holder.

Management's Response: Management will initial/mark that the monthly statement and/or supporting documentation was reviewed by someone other than the authorized card holder and/or the finance director.

13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions (i.e. each card should have ten (10) transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted.

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

14. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five (5) reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).



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and the Louisiana Legislative Auditor

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

Results: No exceptions noted.

Contracts

15. Procedure: Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one (1) payment from the fiscal period for each of the five (5) contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Not applicable – no prior year exceptions noted.

Payroll and Personnel

16. Procedure: Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: Not applicable – no prior year exceptions noted.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

17. Procedure: Randomly select one (1) pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: Not applicable – no prior year exceptions noted.

18. Procedure: Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: Not applicable – no prior year exceptions noted.

19. Procedure: Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Not applicable – no prior year exceptions noted.

Ethics

20. Procedure: Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one (1) hour of ethics training during the fiscal period.



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To the Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: Ethic requirements are not applicable to nonprofits.

Debt Service

21. **Procedure:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: Debt service requirements are not applicable to nonprofits.

22. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Debt service requirements are not applicable to nonprofits.

Other

23. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Not applicable – no prior year exceptions noted.

24. **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Not applicable – no prior year exceptions noted.

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.



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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.

A handwritten signature in cursive script that reads "Payne, Moore & Herrington, LLP".

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

June 12, 2020