



Financial Reports
June 30, 2018 and 2017



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Independent Auditor's Report

To the Board of Directors
START Corporation
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of START Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of START Corporation as of June 30, 2018, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements, as of and for the year ended June 30, 2017, were audited by other auditors, whose report dated December 29, 2017, expressed an unmodified opinion on those statements.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of START Corporation as a whole. The accompanying supplementary schedule of program revenues and expenses and schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of START Corporation'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 of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering START Corporation's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Houma, Louisiana
December 28, 2018

START CORPORATION
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,018,668	\$ 374,244
Grant and Contract Receivables	3,343,054	1,449,291
Other Prepaid Expenses and Deposits	980,245	506,109
Total Current Assets	5,341,967	2,329,644
Property and Equipment, at Cost, Less Depreciation and Amortization		
Buildings	2,571,111	2,571,111
Leasehold Improvements	187,741	148,952
Furniture, Fixtures, and Equipment	219,583	188,043
Vehicles	449,660	337,005
Total Depreciable Assets	3,428,095	3,245,111
Less Accumulated Depreciation	(906,950)	(896,565)
	2,521,145	2,348,546
Land	176,357	176,357
Construction in Progress	247,166	33,892
Total Property and Equipment	2,944,668	2,558,795
Total Assets	\$ 8,286,635	\$ 4,888,439
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 210,942	\$ 532
Accrued Payroll and Other Liabilities	649,106	500,344
Line of Credit	-	443,364
Current Portion of Capital Lease Obligation	32,244	-
Current Portion of Long-Term Debt	169,839	27,916
Total Current Liabilities	1,062,131	972,156
Long-Term Obligations		
Capital Lease Obligation, Less Current Portion	163,878	-
Long-Term Debt, Less Current Portion	1,378,143	1,394,097
Total Long-Term Obligations	1,542,021	1,394,097
Total Liabilities	2,604,152	2,366,253
Net Assets		
Unrestricted	5,557,483	2,397,186
Temporarily Restricted	125,000	125,000
Total Net Assets	5,682,483	2,522,186
Total Liabilities and Net Assets	\$ 8,286,635	\$ 4,888,439

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

START CORPORATION
Statements of Activities
For the Years Ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support						
Revenues						
Fees, Grants, and Contract Income	\$ 23,188,298	\$ -	\$ 23,188,298	\$ 10,695,980	\$ -	\$ 10,695,980
Contributions	22,263	-	22,263	20,276	-	20,276
Total Public Support	23,210,561	-	23,210,561	10,716,256	-	10,716,256
Other Revenues						
Program Service and Other Fees	388,305	-	388,305	326,369	-	326,369
Other Income	88,977	-	88,977	505	-	505
Total Other Revenues	477,282	-	477,282	326,874	-	326,874
Total Revenues and Other Support	23,687,843	-	23,687,843	11,043,130	-	11,043,130
Expenses						
Program Services	20,243,073	-	20,243,073	10,767,031	-	10,767,031
Supporting Services						
Management and General	284,473	-	284,473	162,123	-	162,123
Total Expenses	20,527,546	-	20,527,546	10,929,154	-	10,929,154
Change in Net Assets	3,160,297	-	3,160,297	113,976	-	113,976
Net Assets, Beginning of Year	2,397,186	125,000	2,522,186	2,283,210	125,000	2,408,210
Net Assets, End of Year	\$ 5,557,483	\$ 125,000	\$ 5,682,483	\$ 2,397,186	\$ 125,000	\$ 2,522,186

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

START CORPORATION
Statements of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	2018			2017		
	Total Program Services	Management and General	Total All Services	Total Program Services	Management and General	Total All Services
Salaries	\$ 7,279,709	\$ 86,901	\$ 7,366,610	\$ 4,835,015	\$ 19,376	\$ 4,854,391
Payroll Taxes	567,129	3,986	571,115	372,525	6,849	379,374
Employee Benefits	861,289	6,606	867,895	622,038	4,812	626,850
Total Salary and Related Benefits	8,708,127	97,493	8,805,620	5,829,578	31,037	5,860,615
Bad Debt	227,101	30	227,131	515,417	162	515,579
Bank Charges	2,491	3,403	5,894	1,950	927	2,877
Client Assistance	6,260,208	-	6,260,208	2,434,863	148	2,435,011
Donations	-	-	-	-	148	148
Dues and Subscriptions	3,442	2,570	6,012	624	3,248	3,872
Insurance	249,606	9,758	259,364	215,938	8,223	224,161
Interest	9,036	30,402	39,438	4,115	31,234	35,349
Licenses, Taxes, and Fees	6,017	8,029	14,046	8,254	3,481	11,735
Maintenance and Repairs	147,884	8,963	156,847	115,018	15,471	130,489
Miscellaneous	27,986	4,310	32,296	6,354	437	6,791
Postage and Delivery	2,813	2,460	5,273	2,349	2,024	4,373
Professional Fees	1,584,649	38,314	1,622,963	784,062	21,084	805,146
Rent	147,922	-	147,922	109,640	86	109,726
Stipend	65,723	-	65,723	63,023	-	63,023
Supplies and Materials	2,126,576	39,610	2,166,186	172,007	20,709	192,716
Telephone	186,189	12,636	198,825	120,423	5,963	126,386
Training	88,279	2,349	90,628	79,568	3,728	83,296
Travel	240,379	8,136	248,515	157,774	3,937	161,711
Utilities	47,144	4,977	52,121	46,664	2,977	49,641
Total Expenses Before Depreciation	20,131,572	273,440	20,405,012	10,667,621	155,024	10,822,645
Depreciation	111,501	11,033	122,534	99,410	7,099	106,509
Total Expenses	\$ 20,243,073	\$ 284,473	\$ 20,527,546	\$ 10,767,031	\$ 162,123	\$ 10,929,154

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

START CORPORATION
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,160,297	\$ 113,976
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	122,534	106,509
Bad Debt	227,131	515,579
Changes in:		
Grants and Contracts Receivable	(2,120,894)	(237,048)
Prepaid Expense	(474,136)	(177,464)
Accounts Payable	210,410	(15,151)
Accrued Payroll and Other Liabilities	148,762	199,007
Net Cash Provided by Operating Activities	1,274,104	505,408
Cash Flows from Investing Activities		
Purchase and Property and Equipment	(283,556)	(249,153)
Net Cash Used in Investing Activities	(283,556)	(249,153)
Cash Flows from Financing Activities		
Line-of-Credit	(443,346)	(181,636)
Payment on Capital Lease Obligation	(28,748)	-
Proceeds from Long-Term Debt	150,000	146,529
Payments of Debt	(24,030)	(29,818)
Net Cash Used in Financing Activities	(346,124)	(64,925)
Net Increase in Cash and Cash Equivalents	644,424	191,330
Cash and Cash Equivalents at Beginning of Year	374,244	182,914
Cash and Cash Equivalents at End of Year	\$ 1,018,668	\$ 374,244
Supplemental Disclosures of Cash Flow Information		
Interest Paid During the Year	\$ 39,438	\$ 35,349
Noncash Financing Transaction		
Capital Lease Obligation	\$ 224,867	\$ -

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

START CORPORATION

Notes to Financial Statements

Note 1. Organization

START Corporation (START) operates as a voluntary non-profit organization which provides rehabilitation services, training, placement, and employment for mentally and physically handicapped individuals in Terrebonne, Lafourche, St. John, St. James, St. Mary, Assumption, Orleans and St. Charles Parishes.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

START prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

START follows the provisions of the *Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under the *Not-for-Profit Organizations* Topic of the FASB ASC, START is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2018, there are \$125,000 of temporarily restricted net assets and no permanently restricted net assets.

Property and Equipment

Property and equipment are recorded at historical cost or, if donated, at the fair market value on the date donated and are depreciated on straight-line and accelerated methods over their estimated useful lives as follows:

Buildings	39 Years
Leasehold Improvements	7 -15 years
Furniture, Fixtures, and Equipment	5 - 7 Years
Vehicles	3 - 5 Years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$122,534 and \$106,509, respectively.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net Service Revenue

START entered into an agreement under one of its governmental programs and is reimbursed based upon established charges. Net service revenue under this grant program is reported at the estimated net realizable amounts from services provided. Settlements under its reimbursement agreement are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses

START allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management. Principal programs are as follows:

Fresh Start - This program provides permanent housing for homeless persons with severe mental illness. This program will provide safe, decent, affordable, stable housing to persons with disabilities who experience chronic homelessness to assist them in achieving self-sufficiency and permanency in housing. Along with providing housing, supportive services will be provided to assist residents in transition into and maintenance of the permanent housing arrangement.

Shelter + Care - This program is designed to provide housing and supportive services to individuals and families with disabilities that meet HUD's definition of homeless. This program works closely with Permanent Supportive Housing of Thibodaux.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

NOLA Shelter + Care - This program is designed to provide housing and supportive services to program recipients that meet HUD's definition of homelessness and have a physical, developmental, or behavioral disability as defined by the specific program. This program is funded through Unity of Greater New Orleans and Metropolitan Human Services District.

Jefferson Shelter + Care - This program is designed to provide housing and supportive services to program recipients that meet HUD's definition of homelessness and have a physical, developmental, or behavioral disability as defined by the specific program. This program is funded through Jefferson Parish Government.

Visions II GCTFS - This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, a veteran and/or a young person 18-30 in Terrebonne Parish. The services in this program also include, but are not limited to: skills training, locating housing, financial support, and other services necessary in maintaining permanent housing.

Orleans Parish, Baton Rouge and Thibodaux Housing Support Teams - Through contracts with the five Bayou Health Plans, Medicaid, and through other waiver programs, START Corporation maintains a Housing Support Team that assists Permanent Supportive Housing and Shelter+Care participants with services to obtain and maintain safe, affordable, permanent housing. Using a Housing First model, services are provided in the community and are individualized to meet the cross-disability population's needs.

SSVF - The program's Community Support Specialists (case managers) provide guidance, education, and service coordination to help Veterans and their families make informed decisions, understand their options and to effectively use VA benefits. In addition, Community Support Specialists connect Veterans and families with other community resources including housing services, health care, financial planning and assistance, transportation, legal services, child care, etc.

Start Community Health Clinic - This program is a Federally Qualified Health Clinic, funded partially by a HRSA grant that provides primary, mental health, and dental care services. The program's focus is to increase access to care for homeless persons, veterans, people with low-income, and others in the community.

Starting Over - This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

Housing Development - This program is designed to assist in the recovery of individuals with serious mental illness by providing the necessary technical and practical support in locating and providing safe, secure and affordable housing.

Baton Rouge Housing Support Teams - Permanent Supportive Housing (PSH) is community based supportive services provided along with safe, affordable, permanent housing. Best Practice PSH services are individualized, flexible and responsive to the needs of the individual; available when needed prior to, during and after the individual has moved into housing and accessible where the individual lives, as necessary.

BTR Rapid Beginnings - A housing program that provides services to individuals and families ages 18 and over who are homeless as a result of the Great Flood of 2016. This program draws on the components of the Housing First and Rapid Rehousing Models.

Safe Start - This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.

Safe Start II - This program is a transitional housing program designed to assist victims of domestic violence and/or sexual assault to relocate to a safe environment away from their abusers.

Youthbuild - This program provides educational and vocational training to at risk youth. Participants work on educational goals and learn construction skills while working on community projects.

Starting Point - This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless and disabled in Assumption Parish.

Region III HST - This program provides community based supportive services along with safe, affordable, permanent housing.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

Functional Family Therapy - This program provides the youth and/or families in need of intensive in-home therapy. This program focuses on assessment and intervention to address risk and protective factors within and outside of the family that impact the adolescent and his or her adaptive development.

Houma (SHP) - This program provides assistance in locating and securing safe and affordable permanent housing for persons who are homeless, disabled, and victims of domestic violence.

New Start for Veterans - A twelve unit complex serves as transitional housing for homeless Veterans. START staff works with the participants using a model that includes Motivational Interviewing, among other techniques, to help with reintegration into the community.

Partners in Health - This program provides services and rental assistance to up to 100 chronically homeless clients with disabilities.

Unity Rosa F Keller, Unity Rapid Rehousing, Unity Williams - The purpose of this project is to provide case management and supportive services for homeless persons with mental illness in a low-demand setting. Supportive services will focus on gradually engaging the consumer in the rehabilitation process with the overall goal of the consumer attaining Medicaid.

Advertising Costs

Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There was no direct-response advertising costs incurred during the year. Total advertising costs incurred was \$15,378 and \$0 for the years ended June 30, 2018 and 2017, respectively.

Annual and Sick Leave

All full-time, full-year employees are eligible for annual leave, which is earned at a rate of 3.69 hours per two-week period, for a maximum of ninety-six hours (12 days) per year. Employees cannot accumulate more than 96 hours of annual leave at any given time. Annual leave vests to the employee and, accordingly, has been accrued as a liability in the statement of financial position.

All full-time, full-year employees are eligible for sick leave, which is earned up to a maximum of 96 hours per year. Employees cannot accumulate more than 96 hours of sick leave at any given time. Upon termination, any unused sick leave is forfeited; therefore, no accrual has been made for unused sick leave.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

START is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for income taxes have been made in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Tax, is generally subject to examination by the Internal Revenue Service for three years after the return was filed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, START considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. START is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management does not expect ASU 2016-02 to have a significant impact on the financial statements.

START CORPORATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which amends the existing requirements for the financial statements and notes of not-for-profit entities (NFP). This update is the first phase of the FASB's two phase project. Entities are required to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a NFP will report amounts for net assets without donor restrictions, as well as the currently required amount for total net assets. There are additional enhanced disclosure requirements included in this update. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this update should be applied on a retrospective basis in the year that the update is first applied. However, if presenting comparative financial statements, a not-for-profit entity has the option to omit certain information for any periods presented before the period of adoption. Management is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 3. Cash and Cash Equivalents

START periodically maintains cash in bank accounts in excess of the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account category per financial institution. As of June 30, 2018, START had deposit balances of \$1,186,270 in excess of FDIC coverage.

Note 4. Grant and Contract Receivable

Accounts receivable balances as of June 30, 2018 and 2017 consisted of the following:

	2018	2017
Grant Receivable	\$ 2,351,504	\$ 1,227,901
Other Receivables	991,550	221,390
Total	\$ 3,343,054	\$ 1,449,291

Note 5. Line of Credit, Long-Term Debt and Capital Leases

Line of Credit

START has a \$750,000 line of credit with Pedestal Bank bearing interest at 6.75%. At June 30, 2018 and 2017, START had a balance of \$0 and \$443,364, respectively.

START CORPORATION

Notes to Financial Statements

Note 5. Line of Credit, Long-Term Debt and Capital Leases (Continued)

Long-Term Debt

At June 30, 2018 and 2017, long-term debt consisted of the following:

	2018	2017
1% note payable to Terrebonne Parish Consolidated Government □ through August 1, 2022, collateralized by building and land. The note is payable in monthly installments of \$354 through August 1, 2022.	\$ 27,466	\$ 27,466
1% note payable to Terrebonne Parish Consolidated Government through August 1, 2022, collateralized by building and land. The note is payable in monthly installments of \$361 through August 1, 2022.	28,001	28,001
1% note payable to Terrebonne Parish Consolidated Government through March 1, 2023, collateralized by buildings and land. The note is payable in monthly installments of \$483 through March 1, 2023.	40,059	40,059
1% note payable to Terrebonne Parish Consolidated Government through January 1, 2029, collateralized by buildings and land. The note is payable in monthly installments of \$621 through January 1, 2029.	86,711	87,799
Two 0% notes payable to Terrebonne Parish Consolidated Government through December 12, 2044, collateralized by buildings and land. The project was completed in September 2014 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$392 through December 12, 2044. The remaining 50%, or \$140,316, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	264,349	268,693
0% note payable to Louisiana Housing Finance Agency through April 1, 2024, collateralized by a 12 unit housing complex located at 137 New Orleans Boulevard, Houma, LA. The note is payable as described below.	175,000	175,000
5.4% note payable to Ford Credit through August 31, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$599 through August 2018.	-	2,288
3.24% note payable to Ally Bank through September 30, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$395 through September 2018.	-	2,260

START CORPORATION

Notes to Financial Statements

Note 5. Line of Credit, Long-Term Debt and Capital Leases (Continued)

Long-Term Debt (Continued)

	2018	2017
2.44% note payable to Ally Bank through September 30, 2018 collateralized by a vehicle. This note is payable in monthly installments of \$241 through September 2018.	-	1,026
0% note payable to Terrebonne Parish Consolidated Government through January 1, 2047, collateralized by buildings and land. The project was completed in November 2015 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$916 through January 1, 2047. The remaining 50%, or \$329,688, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	631,902	642,892
0% note payable to Terrebonne Parish Consolidated Government through September 1, 2047, collateralized by buildings and land. The project was completed in November 2015 and shall serve as affordable rentals. 50% of the notes are payable in 360 monthly installments totaling \$204 through September 1, 2047. The remaining 50%, or \$73,264, shall be deferred, interest free loans that shall be forgiven upon expiration of the Compliance Period, the determination of which shall be within the sole discretion of TPCG.	144,494	146,529
6% demand note payable with a local financial institution; interest paid monthly with balance due at maturity in December 2019.	150,000	-
Total Long-Term Debt	1,547,982	1,422,013
Less Current Portion	(169,839)	(27,916)
Long-Term Debt, Less Current Portion	\$ 1,378,143	\$ 1,394,097

START constructed a twelve unit complex in 2010 which serves as transitional housing for homeless Veterans. The Project was funded through a grant from the Department of Veterans Affairs, a \$125,000 direct subsidy from the Federal Home Loan Bank of Dallas' Affordable Housing Program and a \$175,000 note payable to the Louisiana Housing Finance Agency (Agency). Note payments to the Agency are due annually commencing April, 1, 2010 in the amount equal to 50% of Surplus Cash, provided, however, that all payments due hereunder shall be payable only out of and to the extent of the Surplus Cash to be determined by the Agency and after a cash distribution to START of not more than \$10,000. If the Project has been maintained as safe, decent and sanitary affordable housing under the regulatory agreement, the balance of this note shall be forgiven on April 1, 2024 (the note's maturity date).

START CORPORATION

Notes to Financial Statements

Note 5. Line of Credit, Long-term Debt and Capital Leases (Continued)

Long-Term Debt (Continued)

Future maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 169,839
2020	19,856
2021	19,874
2022	19,891
2023	115,435
Thereafter	<u>1,203,087</u>
Total	<u>\$ 1,547,982</u>

Total interest incurred on long-term debt was \$39,438 and \$35,349 which was charged to interest expense for the years ended June 30, 2018 and 2017, respectively.

Capital Leases

START began leasing nine vehicles during the year ended June 30, 2018. The leases are considered to be capital leases. The cost of the vehicles under capital lease amounted to \$224,867 at the inception of the lease and is included in property and equipment and depreciated accordingly. For the year ended June 30, 2018, depreciation expense associated with the capital leases amounted to \$20,083. The related accumulated depreciation was \$20,083 as of June 30, 2018.

The monthly lease obligation for each lease is approximately \$400 through fiscal year ending June 30, 2023. Future minimum lease payments and the present value of the minimum lease payments under all of the capital lease obligations are as follows as of June 30, 2018:

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$ 41,425
2020	41,425
2021	41,425
2022	41,425
2023	<u>54,846</u>
Total Minimum Lease Payments	220,546
Less: Amount Representing Interest	<u>(24,424)</u>
Present Value of Minimum Lease Payments	196,122
Less: Current Maturities of Capital Lease Obligations	<u>(32,244)</u>
Long-Term Capital Lease Obligations	<u>\$ 163,878</u>

START CORPORATION

Notes to Financial Statements

Note 6. Temporarily Restricted Net Assets

Temporary restrictions on net assets at the June 30, 2018 and 2017, relate to a direct subsidy received from the Federal Home Loan Bank of Dallas through its Affordable Housing Program (AHP) in the amount of \$125,000. The subsidy was used in the construction of a twelve unit complex in 2010 which serves as transitional housing for the homeless Veterans. A deed restriction was recorded on the property for a period of fifteen (15) years through January 21, 2025. The Project's rental units must remain occupied by and affordable for households with income at or below the levels committed to be served in the AHP Application for the duration of the Retention Period. The deed restriction contains certain restrictions should the property be sold or refinanced during the fifteen years.

Note 7. Funding

START receives its principal funding through grants and contracts from the following agencies:

	2018	2017
U. S. Department of Housing and Urban Development	\$ 9,087,936	\$ 2,916,933
U. S. Department of Veteran Affairs	826,141	788,599
U.S. Department of Health and Human Services	1,279,722	1,420,862
U.S. Department of Justice	80,270	433,325
U.S. Department of Labor	270,339	190,631
State of Louisiana	11,052,861	4,404,029
Terrebonne Parish Consolidated Government:	113,747	173,262
Other Grants and Revenue	477,282	368,339
Total	\$ 23,188,298	\$ 10,695,980

Note 8. Operating Leases

START leases several office spaces in the region under operating leases expiring in various years through 2023. Rental payments of approximately \$136,186 were included in lease expense for the year ended June 30, 2018.

START leases vehicles under operating leases expiring in various years through 2020. Rental payments of approximately \$16,107 and \$22,508 were included in lease expense for the years ended June 30, 2018 and 2017, respectively.

START CORPORATION

Notes to Financial Statements

Note 8. Operating Leases (Continued)

The future minimum lease payments under operating leases for the years ending June 30th are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 121,220
2020	102,820
2021	77,200
2022	75,000
2023	<u>50,000</u>
Total	<u>\$ 426,240</u>

Note 9. Management, Bookkeeping Revenues and Related Parties

START entered into a management and bookkeeping agreement with Taddy Village, Inc., a not-for-profit corporation providing housing to mentally ill individuals in Houma, Louisiana. START provides management and bookkeeping services for \$500 plus 5% of Taddy Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for \$1,800 per month. Either party may terminate the agreement at any time with a thirty day notice. Revenues earned under this agreement amounted to \$35,850 and \$45,766 for the years ended June 30, 2018 and 2017, respectively. Certain board members of START are also board members of Taddy Village, Inc.

START entered into a management and bookkeeping agreement with Larke Village Inc. START provides management and bookkeeping services for \$200 plus 7% of Larke Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for \$750 per month. Either party may terminate the agreement at any time with a ninety day notice. Revenues earned under this agreement amounted to \$17,545 and \$17,096 for the years ended June 30, 2018 and 2017, respectively. Certain board members of START are also board members of Larke Village, Inc.

START entered into a management and bookkeeping agreement with Sunshine Village Housing Corporation of Slidell, Inc. effective July 1, 2017. START provides management and bookkeeping services for \$900 plus 5% of Sunshine Village, Inc.'s total lease revenue per month. START will also provide an on-site manager for \$2,750 per month. Either party may terminate the agreement at any time with a thirty day notice. Revenues earned under this agreement amounted to \$52,086 for the year ended June 30, 2018. Certain board members of START are also board members of Sunshine Village, Inc.

START CORPORATION

Notes to Financial Statements

Note 9. Management, Bookkeeping Revenues and Related Parties (Continued)

START is leasing an office facility located at 4605 Highway 1, Napoleonville, Louisiana on a month-to-month basis from a related party. Monthly rent is \$850. This office is used to assist Assumption Parish clients qualifying for the supportive housing program. START anticipates leasing this office space in future months providing funding for the Starting Point program remains in place. Lease expense was paid in the amount of \$11,900 and \$11,050 for the years ended June 30, 2018 and 2017, respectively

Note 10. Employee Benefit Plan

START has a defined contribution salary deferral plan covering substantially all employees. Under the plan, START contributes three percent of each eligible employee's salary. Employer contributions for the years ended June 30, 2018 and 2017 were \$76,425 and \$46,377, respectively.

Note 11. Commitments, Contingencies and Economic Dependency

START receives a substantial portion of its revenues from federal and state grants and contracts which are subject to audit by the federal or state grantor. The ultimate determination of amounts received under these programs generally is based on units of service provided or allowable costs reported to and audited by the applicable granting agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable cost and service reimbursement. Management is of the opinion that no material liability will result from such audits.

Note 12. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. START believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interests assessed by income taxing authorities, if any, would be included in income tax expense.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 28, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

START CORPORATION
Supplementary Information
Schedule of Program Revenues and Expenses
For the Year Ended June 30, 2018

	Fresh Start	Shelter + Care	NOLA Shelter+Care	Jefferson Shelter+Care	Visions II GCTFS	Orleans Parish Housing Support Teams	The Network	TANF Homeless	SSVF	Basic Center Houma	Start FQHC
Revenues											
Public Support											
Fees, Grants, and Contract Revenue	\$ 259,983	\$ 537,489	\$ 217,084	\$ 140,772	\$ 211,980	\$ 1,485,040	\$ 15,573	\$ 64,995	\$ 636,891	\$ 49,960	\$ 6,143,095
Contributions	-	-	-	-	-	-	-	-	-	-	-
	259,983	537,489	217,084	140,772	211,980	1,485,040	15,573	64,995	636,891	49,960	6,143,095
Other Revenues											
Program Service and Other Fees	27,648	915	-	-	25,615	-	-	-	968	-	3,659
Other Income	831	-	-	-	831	-	-	-	-	-	-
	28,479	915	-	-	26,446	-	-	-	968	-	3,659
Total Revenues	288,462	538,404	217,084	140,772	238,426	1,485,040	15,573	64,995	637,859	49,960	6,146,754
Expenses											
Salaries	76,092	26,164	20,223	22,964	70,866	1,019,405	13,819	49,590	304,294	48,343	932,990
Payroll Taxes	5,996	2,025	1,589	1,784	5,678	80,339	1,003	3,797	23,526	3,983	71,915
Employee Benefits	3,375	2,080	1,235	1,407	5,459	158,389	1,053	6,881	42,368	542	76,168
Total Salary and Related Benefits	85,463	30,269	23,047	26,155	82,003	1,258,133	15,875	60,268	370,188	52,868	1,081,073
Bad Debt	843	-	-	-	1,299	15,620	-	-	-	(644)	83,851
Bank Charges	-	-	-	-	-	-	-	-	-	-	2,448
Client Assistance	189,862	493,558	219,137	138,035	126,198	-	-	-	135,014	7,018	233
Donations	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	667	-	-	-	-	-	-	-	500	314
Insurance	4,495	7,110	1,162	794	4,164	28,230	148	428	10,360	1,026	47,396
Interest	339	-	-	-	339	3	-	-	929	-	138
Licenses, Taxes, and Fees	-	-	-	-	-	300	-	-	10	-	400
Maintenance and Repairs	1,692	895	-	-	1,545	2,544	9	7	1,403	772	24,659
Miscellaneous	219	5	5	5	53	5,390	8	64	149	119	8,430
Postage and Delivery	54	33	-	159	14	953	-	30	100	3	366
Professional Fees	15,923	8,104	-	-	15,360	29,364	-	15	10,660	3,099	1,056,582
Rent	160	-	-	-	162	-	-	2,266	24,264	589	31,435
Stipend	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	2,098	2,264	3	14	1,971	20,189	-	4,595	8,268	5,037	1,877,270
Telephone	2,530	3,334	186	186	3,710	34,394	34	336	9,202	1,556	17,002
Training	94	-	-	-	91	21,498	37	133	2,851	421	8,143
Travel	1,826	479	336	336	4,098	31,868	87	364	6,008	3,666	21,846
Utilities	490	849	-	-	519	88	-	-	3,646	94	2,658
Total Expenses before Depreciation	306,088	547,567	243,876	165,684	241,526	1,448,574	16,198	68,506	583,052	76,124	4,264,244
Depreciation	1,325	-	-	-	1,325	2,111	-	-	3,651	-	15,698
Total Expenses	307,413	547,567	243,876	165,684	242,851	1,450,685	16,198	68,506	586,703	76,124	4,279,942
Excess (Deficiency) of Revenues over Expenses	\$ (18,951)	\$ (9,163)	\$ (26,792)	\$ (24,912)	\$ (4,425)	\$ 34,355	\$ (625)	\$ (3,511)	\$ 51,156	\$ (26,164)	\$ 1,866,812

See independent auditor's report.

START CORPORATION
Supplementary Information
Schedule of Program Revenues and Expenses (Continued)
For the Year Ended June 30, 2018

	Houma ACT	Starting Over	Housing Development	Warmline	Northshore	Baton Rouge Housing Support Teams	Beautiful Beginnings	BTR Rapid Beginnings	Safe Start	Safe Start II	Youthbuild
Revenues											
Public Support											
Fees, Grants, and Contract Revenue	\$ 785,080	\$ 205,287	\$ -	\$ 27,000	\$ 457,899	\$ 1,270,622	\$ 87,829	\$ 4,180,352	\$ 149,012	\$ 87,769	\$ 270,339
Contributions	-	-	-	-	-	-	-	-	-	-	462
	785,080	205,287	-	27,000	457,899	1,270,622	87,829	4,180,352	149,012	87,769	270,801
Other Revenues											
Program Service and Other Fees	-	18,437	232,523	-	6,650	200	-	930	12,119	6,745	-
Other Income	-	831	12,612	18,000	-	-	-	-	831	-	-
	-	19,268	245,135	18,000	6,650	200	-	930	12,950	6,745	-
Total Revenues	785,080	224,555	245,135	45,000	464,549	1,270,822	87,829	4,181,282	161,962	94,514	270,801
Expenses											
Salaries	342,345	65,603	50,288	35,813	13,069	946,659	70,936	615,973	33,689	29,209	171,505
Payroll Taxes	26,408	4,871	4,064	2,850	1,043	74,287	5,747	48,923	2,633	2,295	13,240
Employee Benefits	28,171	6,350	2,843	1,825	2,814	128,423	7,204	70,955	5,089	3,618	21,784
Total Salary and Related Benefits	396,924	76,824	57,195	40,488	16,926	1,149,369	83,887	735,851	41,411	35,122	206,529
Bad Debt	14,110	8,097	-	-	-	22,278	-	-	762	816	-
Bank Charges	-	-	-	-	-	-	-	43	-	-	-
Client Assistance	550	78,932	2,480	-	437,984	-	-	2,860,676	93,353	44,118	2,037
Donations	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	150	-	222	-	-	114	-	-	25
Insurance	4,887	3,813	12,363	397	2,267	23,230	755	24,802	2,407	2,736	6,939
Interest	560	339	4,737	-	-	65	-	-	339	-	-
Licenses, Taxes, and Fees	1,200	-	2,694	-	-	715	-	-	-	-	162
Maintenance and Repairs	3,580	1,914	48,628	-	148	1,800	-	748	1,320	1,451	6,585
Miscellaneous	1,167	140	867	-	5	3,074	-	2,572	80	62	191
Postage and Delivery	19	14	334	-	-	196	-	44	8	12	24
Professional Fees	137,488	12,841	6,886	-	-	23,989	-	21,430	8,130	6,125	15,117
Rent	560	163	-	-	-	25,894	-	20,532	171	166	10,278
Stipend	-	-	-	-	-	-	-	-	-	-	65,723
Supplies and Materials	9,995	1,955	12,246	12	55	35,762	-	21,289	1,596	2,042	10,935
Telephone	4,414	2,206	485	563	31	19,812	97	12,054	1,449	2,619	4,038
Training	2,005	154	47	-	2	1,366	60	5,046	298	1,623	4,942
Travel	12,544	4,547	1,255	271	411	32,465	142	26,040	1,979	5,447	5,243
Utilities	-	427	10,914	-	-	1,245	-	1,629	240	608	924
Total Expenses before Depreciation	590,003	192,366	161,281	41,731	458,051	1,341,260	84,941	3,732,870	153,543	102,947	339,692
Depreciation	2,356	1,325	37,110	-	-	343	-	-	1,325	-	-
Total Expenses	592,359	193,691	198,391	41,731	458,051	1,341,603	84,941	3,732,870	154,868	102,947	339,692
Excess (Deficiency) of											
Revenues over Expenses	\$ 192,721	\$ 30,864	\$ 46,744	\$ 3,269	\$ 6,498	\$ (70,781)	\$ 2,888	\$ 448,412	\$ 7,094	\$ (8,433)	\$ (68,891)

See independent auditor's report.

START CORPORATION
Supplementary Information
Schedule of Program Revenues and Expenses (Continued)
For the Year Ended June 30, 2018

	IDJC Rental Assistance	Starting Point	Region III HST	Peer to Peer	Functional Family Therapy	Houma Homebuilders	New Start for Veterans	Partners in Health	New Start Housing	Unity Family Rapid	Low Barrier Shelter
Revenues											
Public Support											
Fees, Grants, and Contract Revenue	\$ 139,424	\$ 211,494	\$ 823,800	\$ 58,537	\$ 655,384	\$ 239,292	\$ 189,250	\$ 1,762,530	\$ 511,010	\$ 360,478	\$ 258,029
Contributions	-	-	-	-	14,000	-	-	-	-	-	-
	139,424	211,494	823,800	58,537	669,384	239,292	189,250	1,762,530	511,010	360,478	258,029
Other Revenues											
Program Service and Other Fees	1,200	27,255	-	-	25	4,870	10,526	-	-	-	-
Other Income	-	1,266	400	-	-	-	-	-	-	-	-
	1,200	28,521	400	-	25	4,870	10,526	-	-	-	-
Total Revenues	140,624	240,015	824,200	58,537	669,409	244,162	199,776	1,762,530	511,010	360,478	258,029
Expenses											
Salaries	8,641	51,668	482,942	57,022	337,991	184,466	107,776	495,721	121,475	48,048	37,479
Payroll Taxes	783	4,068	38,217	4,587	26,003	14,254	8,209	37,244	8,991	3,875	2,791
Employee Benefits	974	2,645	75,434	3,964	45,469	22,524	5,796	59,861	9,777	6,155	4,694
	10,398	58,381	596,593	65,573	409,463	221,244	121,781	592,826	140,243	58,078	44,964
Total Salary and Related Benefits	10,398	58,381	596,593	65,573	409,463	221,244	121,781	592,826	140,243	58,078	44,964
Bad Debt	-	664	19,584	16,129	20,210	6,965	-	12,822	2,237	6	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-
Client Assistance	112,197	93,718	-	-	-	-	3,934	528,193	223,604	261,013	-
Donations	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	1,300	-
Insurance	678	3,671	10,152	1,280	4,932	4,131	6,325	11,231	2,508	2,664	1,244
Interest	-	339	-	-	-	116	495	298	-	-	-
Licenses, Taxes, and Fees	-	-	300	-	-	-	-	-	-	-	-
Maintenance and Repairs	499	1,282	4,510	192	340	-	35,916	1,383	-	4	289
Miscellaneous	51	63	508	158	609	374	101	1,340	298	130	1,004
Postage and Delivery	76	12	28	4	27	-	36	21	-	53	-
Professional Fees	-	10,889	11,029	1,241	30,058	3,900	360	123,649	814	1,830	12,000
Rent	-	10,962	3,982	45	-	-	-	11,155	-	-	-
Stipend	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	386	1,795	13,275	246	2,015	1,526	8,197	7,105	169	103	65,368
Telephone	148	6,320	18,988	731	3,656	2,456	16,881	5,927	1,087	597	650
Training	173	91	1,714	1,000	20,661	3,425	109	7,787	1,698	94	2,171
Travel	844	219	21,875	673	17,962	13,882	1,445	11,786	631	970	1,037
Utilities	253	2,676	228	131	53	53	15,034	51	-	-	-
	125,703	191,082	702,766	87,403	509,986	258,072	210,614	1,315,574	373,289	326,842	128,727
Total Expenses before Depreciation	125,703	191,082	702,766	87,403	509,986	258,072	210,614	1,315,574	373,289	326,842	128,727
Depreciation	-	1,325	-	-	-	341	28,118	1,414	-	-	-
Total Expenses	125,703	192,407	702,766	87,403	509,986	258,413	238,732	1,316,988	373,289	326,842	128,727
Excess (Deficiency) of Revenues over Expenses	\$ 14,921	\$ 47,608	\$ 121,434	\$ (28,866)	\$ 159,423	\$ (14,251)	\$ (38,956)	\$ 445,542	\$ 137,721	\$ 33,636	\$ 129,302

See independent auditor's report.

START CORPORATION
Supplementary Information
Schedule of Program Revenues and Expenses (Continued)
For the Year Ended June 30, 2018

	Unity Rosa F Keller	Unity Rapid Rehousing	Unity Williams	Unity Bridge	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total All Services
Revenues										
Public Support										
Fees, Grants, and Contract Revenue	\$ 104,834	\$ 356,636	\$ 116,423	\$ 76,927	\$ 38,922	\$ 23,187,021	\$ 1,277	\$ -	\$ 1,277	\$23,188,298
Contributions	-	-	-	-	301	14,763	7,500	-	7,500	22,263
	104,834	356,636	116,423	76,927	39,223	23,201,784	8,777	-	8,777	23,210,561
Other Revenues										
Program Service and Other Fees	-	-	-	-	81	380,366	7,939	-	7,939	388,305
Other Income	-	-	-	-	-	35,602	53,375	-	53,375	88,977
	-	-	-	-	81	415,968	61,314	-	61,314	477,282
Total Revenues	104,834	356,636	116,423	76,927	39,304	23,617,752	70,091	-	70,091	23,687,843
Expenses										
Salaries	74,941	118,245	82,243	74,291	36,921	7,279,709	86,901	-	86,901	7,366,610
Payroll Taxes	5,840	9,262	6,297	5,721	2,991	567,129	3,986	-	3,986	571,115
Employee Benefits	5,041	19,469	9,265	10,469	1,719	861,289	6,606	-	6,606	867,895
Total Salary and Related Benefits	85,822	146,976	97,805	90,481	41,631	8,708,127	97,493	-	97,493	8,805,620
Bad Debt	864	32	474	9	73	227,101	30	-	30	227,131
Bank Charges	-	-	-	-	-	2,491	3,403	-	3,403	5,894
Client Assistance	-	199,223	-	-	9,141	6,260,208	-	-	-	6,260,208
Donations	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	150	3,442	2,570	-	2,570	6,012
Insurance	1,914	5,250	2,011	1,138	568	249,606	9,758	-	9,758	259,364
Interest	-	-	-	-	-	9,036	30,402	-	30,402	39,438
Licenses, Taxes, and Fees	4	224	4	4	-	6,017	8,029	-	8,029	14,046
Maintenance and Repairs	86	166	16	8	3,493	147,884	8,963	-	8,963	156,847
Miscellaneous	55	210	149	86	245	27,986	4,310	-	4,310	32,296
Postage and Delivery	23	69	26	19	56	2,813	2,460	-	2,460	5,273
Professional Fees	4,519	6,713	4,858	1,676	-	1,584,649	38,314	-	38,314	1,622,963
Rent	-	-	1,404	3,734	-	147,922	-	-	-	147,922
Stipend	-	-	-	-	-	65,723	-	-	-	65,723
Supplies and Materials	1,199	931	1,233	119	5,313	2,126,576	39,610	-	39,610	2,166,186
Telephone	771	1,436	869	1,037	4,397	186,189	12,636	-	12,636	198,825
Training	86	22	111	44	282	88,279	2,349	-	2,349	90,628
Travel	463	1,866	1,037	2,988	1,443	240,379	8,136	-	8,136	248,515
Utilities	-	-	-	-	4,334	47,144	4,977	-	4,977	52,121
Total Expenses before Depreciation	95,806	363,118	109,997	101,343	71,126	20,131,572	273,440	-	273,440	20,405,012
Depreciation	-	4,804	4,943	-	3,987	111,501	11,033	-	11,033	122,534
Total Expenses	95,806	367,922	114,940	101,343	75,113	20,243,073	284,473	-	284,473	20,527,546
Excess (Deficiency) of										
Revenues over Expenses	\$ 9,028	\$ (11,286)	\$ 1,483	\$ (24,416)	\$ (35,809)	\$ 3,374,679	\$ (214,382)	\$ -	\$ (214,382)	\$ 3,160,297

See independent auditor's report.

START CORPORATION
Supplementary Information
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018

Agency Head

Casey Guidry, Executive Director

Purpose	Amount
Salary	\$ 178,581
Benefits - Insurance	9,057
Benefits - Retirement	9,104
Vehicle Provided by Government	1,147
Travel	5,430
Unvouchered Expenses	1,526
Special Meals	2,526

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

UNIFORM GUIDANCE SECTION

START CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Direct Payments:</u>			
Continuum of Care (Fresh Start)	14.267	LA0143L6H081508	\$ 233,864
Continuum of Care (Low Barrier Shelter)	14.267		208,461
Continuum of Care (New Start)	14.267		388,326
Continuum of Care (Starting Over)	14.267	LA0147L6H081508	157,749
Continuum of Care (Safe Start)	14.267	LA0146L6H081508	124,861
Continuum of Care (Starting Point)	14.267	LA0148L6H081508	182,471
Continuum of Care (Visions II GCTFS)	14.267	LA0150L6H081508	189,760
			<u>1,485,492</u>
<u>Pass through payments from UNITY of Greater New Orleans, Inc. (UNITY)</u>			
Continuum of Care (Rosa F. Keller)	14.267	LA0162L6031503	50,888
Continuum of Care (Unity Rapid Rehousing)	14.267	LA006L6H031508	354,317
Continuum of Care (Unity Bridge)	14.267	LA00066L6H031508	76,481
Continuum of Care (Unity Williams)	14.267	LA0185L6H031503	85,197
Continuum of Care (NOLA Shelter + Care)	14.267	LA0086L6H031508	217,084
Continuum of Care (Lafayette)	14.267	LA00066L6H031508	11,165
Continuum of Care (Unity Family)	14.267	LA0250L6H031504	359,791
Continuum of Care (Partners in Health)	14.267	LA0250L6H031500	991,586
			<u>2,146,509</u>
<u>Pass through payments from Louisiana Housing Corporation</u>			
Emergency Solutions Grant Program	14.231		107,332
Continuum of Care (Shelter + Care)	14.267	LA0001L6H091502	537,488
Continuum of Care (Northshore)	14.267	LA0001L6H091502	457,899
Community Development Block Grant - Disaster Recovery	14.269		4,212,444
			<u>5,315,163</u>
<u>Pass through payments from Jefferson Parish Housing Authority</u>			
Continuum of Care (Jefferson Shelter + Care)	14.267	LA0085L6H031508	140,772
			<u>140,772</u>
Total U.S. Department of Housing and Urban Development			<u>9,087,936</u>
<u>U.S. Department of Justice</u>			
<u>Direct Payments:</u>			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2016-WH-AX-0025	80,270
Total U.S. Department of Justice			<u>80,270</u>
<u>U.S. Department of Labor</u>			
<u>Direct Payments:</u>			
Youthbuild	17.274	YB-27739-15-60-A-22	270,339
Total U.S. Department of Labor			<u>270,339</u>
<u>U.S. Department of Veterans Affairs</u>			
<u>Direct Payments:</u>			
VA Homeless Providers Grant and Per Diem Program (New Start for Veterans)	64.024		189,250
VA Supportive Services for Veteran Families Program	64.033	14-LA-208	636,891
Total U.S. Department of Veterans Affairs			<u>826,141</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Direct Payments:</u>			
Consolidated Health Center Program	93.224	H80CS28964	1,146,049
The Affordable Care Act Medicaid Incentives for Prevention of Chronic	93.536		17,086
Temporary Assistance for Needy Families	93.558	G-61102LATANF	66,627
Basic Center Grant	93.623	90CY6795-02-00	49,960
Total U.S. Department of Health and Human Services			<u>1,279,722</u>
Total Expenditures of Federal Awards			<u>\$ 11,544,408</u>

See accompanying notes to schedule of expenditures of federal awards.

START CORPORATION
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of START Corporation under programs of federal government for the year ended June 30, 2018. 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). The schedule presents only a selected portion of the operations of START Corporation and is not intended to and does not present the financial position, changes in net assets, or cash flows of START Corporation.

Note 2. Summary of Significant Accounting Policies

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.

Note 3. Indirect Cost Rate

START Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Passed through to Subrecipients

There were no awards passed through to subrecipients.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
START Corporation
Houma, 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 START Corporation (START), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, 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 December 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether START'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*.

START's Response to Finding

START's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. START's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Houma, Louisiana
December 28, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
START Corporation
Houma, Louisiana

Report on Compliance for Each Major Federal Program

We have audited START Corporation's (START) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of START's major federal programs for the year ended June 30, 2018. START'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 the 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 START'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; 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 START'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 on START's compliance.

Opinion on Each Major Federal Program

In our opinion, START 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, 2018.

Report on Internal Control over Compliance

Management of START 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 START's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order 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 START's internal control over compliance.

A deficiency in internal control over compliance 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 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 considered 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Houma, Louisiana
December 28, 2018

START CORPORATION
Schedule of Findings and Questions Costs
For the Year Ended June 30, 2018

A. Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters | |
| a) Material weaknesses identified | No |
| b) Significant deficiencies identified not considered to be material weaknesses | Yes |
| 3) Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified | No |
| b) Significant deficiencies identified not considered to be material weaknesses | None reported |
| 5) Type of auditor's report issued on compliance for major program | Unmodified |
| 6) Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7) Identification of major programs | |
| Continuum of Care – 14.267 | |
| Community Development Block Grant Disaster Recovery – 14.269 | |
| Youthbuild – 17.274 | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee? | No |

START CORPORATION
Schedule of Findings and Questions Costs (Continued)
For the Year Ended June 30, 2018

B. Findings Related to the Financial Statements

2018-001 – Financial Reconciliation Procedures

Condition – During the course of our audit procedures, we noted that several of START's subledgers had not been reconciled in a manner which would identify instances of incorrect posting.

Criteria – In order to make financial reports generated by START as accurate as possible, subledger accounts should be reconciled to the supporting documentation on a regular basis.

Cause – Preparation and review of the subledgers has not kept pace with the growth within START over the last several years.

Effect – Insufficient reconciliations may not allow management to detect and correct misstatements in a timely manner.

Recommendation – We recommend START review its reconciliation process and strengthen the procedures in place.

Management's Response – Management will review and reconcile the sub ledgers on a quarterly basis to detect and correct misstatements in a timely manner. Management will assess adding additional staff to keep up with the growth within START.

C. Findings and Questioned Costs Related to Major Federal Award Program

None.

START CORPORATION
Schedule of Prior Audit Findings and Questions Costs
For the Year Ended June 30, 2018

Findings Related to the Financial Statements

None.

Findings and Questioned Costs Related to Major Federal Award Program

2017-001 Payroll Process

Condition - Start Corporation has sustained continued growth in programing services it offers over the past several years. Internal controls over the payroll process should be strengthened to keep pace with this growth.

Status - This finding has been resolved.

AGREED-UPON PROCEDURES REPORT
START Corporation

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2017- June 30, 2018

To the Board Members of
START Corporation and
The Louisiana Legislative Auditor:

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

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

Results: The policies of START Corporation address all of the functions listed, with the following exceptions. Policies for 1b) Purchasing do not appear to address how vendors are added to the vendor list. Policies for 1d) Receipts/Collections do not appear to address the recording process and management's actions to determine the completeness of all collections for each type of revenue or agency fund addition. Policies for 1f) Contracting do not appear to address the types of services requiring written contracts and legal review process. Policies for 1h) Travel and Expense Reimbursement do not appear to address dollar thresholds by category for each expense type, documentation requirements for all reimbursable expense types, and the required approvers.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 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 12 months from the statement closing date, if applicable.

Results: We obtained from management a listing of client bank accounts for the fiscal period and management's representation that the listing is complete. We selected the main operating account and the remaining three cash accounts totaling four altogether. For each account for the month selected, the criteria above in 2a) and 2b) were met without exception. For 2c), there were no reconciling items that had been outstanding for more than twelve months requiring management research for any of the accounts selected.

Collections

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

Results: We obtained from management a listing of deposit sites where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. We selected the one deposit site for testing.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) 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: We obtained from management a listing of collection locations and management's representation that the listing is complete. We selected the only collection location for the deposit site selected. For 4a), we inquired of the Financial Controller, noting the two accountants responsible for collecting cash share one cash drawer. For 4b), we inquired of the Financial Controller, noting that of the two accountants responsible for collecting cash, one prepares the bank deposit and one verifies the bank deposit. For 4c), we inquired of the Financial Controller, noting one of the individuals responsible for collecting cash posts collection entries to the general ledger; however, START does have a control where the Financial Controller has the responsibility for reconciling ledger postings to each other and to the deposit. For 4d), we inquired of the Financial Controller, noting there is a control in place to separate the individuals who collect cash from the individual reconciling cash collections to the general ledger.

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

Results: Each person responsible for collecting cash is covered by an insurance policy for theft.

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

Results: For the randomly selected deposit dates for the accounts selected, for criteria 6a), we found that receipts are not sequentially pre-numbered. Receipts are documented on a Daily Deposit Log in the order that they are received. For criteria 6b), the related collection documentation matched the deposit slip for both deposit selections. For criteria 6c), the deposit slips agreed to the total per the bank statement. For criteria 6d), all deposits were made within one business day of receipt at collection location. Lastly, criteria 6e) was met as the deposits were traced directly to the general ledger.

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

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We obtained a listing of locations that process payments from management and management's representation that the listing is complete. We selected the one location for testing.

8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: Criteria for 8a), 8b), and 8d) are met without exception. However, for 8c), the person primarily responsible for processing payments has the ability to add vendors to the entity's purchasing/disbursement system.

9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: We obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete. Five disbursements were selected randomly. Criteria 9a) was met without exception for all selections. In regards to criteria 9b), we noted that there was no purchase order/requisition documentation available for any of the five selections. In addition, we noted that for two of the five selections, the disbursement was missing documentation of approval of payment by the Executive Director and/or Program Supervisor in accordance with client policy.

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

10. 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: We obtained from management a listing of all active credit cards and fuel cards including the card numbers and the names of the persons who maintained possession of the cards. The entity does not use debit cards or P-cards. We obtained management's representation that the listing is complete.

11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one 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.]

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

Results: From the listing provided by management, we randomly selected five cards for testing and obtained the randomly selected monthly statements for each card. For criteria 11a), there was no evidence that the monthly combined statements and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder for any of the selections. For criteria 11b), we noted no finance charges or assessed late fees on the statements received.

12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 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).

Results: We obtained the monthly statements as noted in procedure #11 above. For criteria 12(1), we noted that all selections were supported by an itemized receipt. For criteria 12(2), we noted that for five of the selections there was no documentation on the receipt of the business/public purpose of the transaction. Lastly, for criteria 12(3), all meal charges had documentation of the individuals participating in the meal.

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

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period. We obtained management's representation that the listing is complete. We selected 5 reimbursements from the listing and obtained the related expense reimbursement supporting documentation.

Results: Out of the five selections made, one reimbursement was made at per diem for parking and four selections were made at per diem for mileage. For the parking reimbursement, the entity gives a \$40 per diem parking reimbursement. There were no per diem parking rates found either by the State of Louisiana or the U.S. General Services Administration website. Per the State of Louisiana and U.S. General Services Administration websites, the established mileage per diem rate for 2018 is \$0.545/mile. For the four mileage reimbursement selections made, the entity reimbursed employees at the rate of \$0.51/mile.

There were no selections made where the reimbursed amount was based off of actual costs incurred.

For four of the five selections, the expense reimbursement form had documentation of the business/public purpose for reimbursement. For one selection, the expense reimbursement form did not include details of the purpose for reimbursement.

All charges tested were reviewed and approved by someone other than the person receiving the reimbursement.

Payroll and Personnel

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

Results: We obtained from management a listing of employees employed during the fiscal period and management's representation that the listing is complete. For the 5 randomly selected employees, we obtained the related paid salaries or hourly amounts for these employees and agreed them to the authorized salaries/pay rates in the personnel files without exception.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #14 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: For the 5 employees selected, we obtained attendance and leave records noting the criteria in a) through c) above were satisfied without exception.

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

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. For the 2 employees selected, we obtained documentation of the hours and pay rates used in management's final termination payment. For both employees, the hours used in the calculation agreed to the employee's cumulative leave records. In addition, the pay rates used in the calculation matched the authorized pay rates per the employee's personnel file.

17. 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: Management made the representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated form have been filed by required deadlines.

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*. 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. 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.

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



A Professional Accounting Corporation

Houma, LA
December 20, 2018

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December 28, 2018

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La Porte
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Houma, LA 70360

Re: Management Responses to Agreed-Upon Procedures Report for June 30, 2018

Written Policies and Procedures

Response: START's management team will work on drafting the needed policies and procedures and present them to the Board of Directors for approval.

Collections

Response: START's management team will have the two accountants use separate cash drawers. START's management team will have a separate accountant post deposits to the general ledger not the accountants collecting the cash payments. START's management team will devise a pre-numbering system for receipts.

Non-Payroll Disbursements

Response: START's management team will work on drafting procedures that will separate the duties adding of vendors to the purchasing/disbursement system.

Response: START's management team developed a purchase order policy and procedure that was presented the Board of Directors for approval; however, this new policy was not in effect until after the fiscal year being audited. Management will make sure the policy and procedures are followed going forward.

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

Response: START's management team will work on amending the related policies and procedures and present them to the Board of Directors for approval. Once approved, START staff will implement the amended procedures.

Travel and Travel-related expenses

Response: START's management team will work on drafting the needed policies and procedures and present them to the Board of Directors for approval.

Sincerely,

A handwritten signature in cursive script that reads "Angela Hebert". The signature is written in dark ink and is positioned above the printed name and title.

Angela Hebert
Financial Controller