

**LOUISIANA CENTER FOR CHILDREN'S RIGHTS  
(A NON PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**JUNE 30, 2019 AND 2018**

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

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**BERNARD & FRANKS**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana Center for Children's Rights  
New Orleans, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Center for Children's Rights, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the organization'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 effective-ness of the organization'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 Louisiana Center for Children's Rights as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 10 to the financial statements, the Organization implemented the Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Other Matter**

The 2018 financial statements were reviewed by us and our report thereon, dated November 6, 2018, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and 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 *Governmental Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Bernard & Franks*

Metairie, Louisiana  
November 15, 2019

**LOUISIANA CENTER FOR CHILDREN'S RIGHTS**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2019 AND 2018**

	<u>Audited</u> <u>2019</u>	<u>Reviewed</u> <u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,064,485	\$ 504,114
Accounts receivable	182,470	56,333
Unconditional promises to give, current portion	580,087	587,584
Prepaid expenses	41,846	31,406
Total current assets	<u>\$ 1,868,888</u>	<u>\$ 1,179,437</u>
PROPERTY AND EQUIPMENT	\$ 103,061	\$ 103,061
Less, accumulated depreciation	<u>(94,704)</u>	<u>(82,929)</u>
	<u>\$ 8,357</u>	<u>\$ 20,132</u>
<b>OTHER ASSETS</b>		
Long-term portion of unconditional promises to give	\$ 185,941	\$ 310,620
Total other assets	<u>\$ 185,941</u>	<u>\$ 310,620</u>
Total assets	<u><u>\$ 2,063,186</u></u>	<u><u>\$ 1,510,189</u></u>
<b>CURRENT LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll liabilities	\$ 6,000	\$ 12,000
Vacation accrual	-	15,231
Credit cards	9,101	-
Total current liabilities	<u>\$ 15,101</u>	<u>\$ 27,231</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	\$ 266,306	\$ 24,182
Board designated	15,000	-
With donor restrictions	<u>1,766,779</u>	<u>1,458,776</u>
Total net assets	<u>\$ 2,048,085</u>	<u>\$ 1,482,958</u>
Total current liabilities and net assets	<u><u>\$ 2,063,186</u></u>	<u><u>\$ 1,510,189</u></u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants	\$ 458,631	\$ 926,548	\$ 1,385,179
Contracts	868,081	640,408	1,508,489
Contributions and fundraising	197,844	-	197,844
In kind contribution rent	67,500	-	67,500
Interest income	5,955	-	5,955
Net assets released from restrictions:			
Satisfaction of program restrictions	1,258,953	(1,258,953)	-
Total revenues, gains and support	<u>\$ 2,856,964</u>	<u>\$ 308,003</u>	<u>\$ 3,164,967</u>
EXPENSES			
Program services	\$ 2,326,323	\$ -	\$ 2,326,323
Supporting services			
General and administrative	99,448	-	99,448
Fund raising	174,069	-	174,069
Total expenses	<u>\$ 2,599,840</u>	<u>\$ -</u>	<u>\$ 2,599,840</u>
Increase in net assets	\$ 257,124	\$ 308,003	\$ 565,127
NET ASSETS BEGINNING OF THE YEAR	<u>24,182</u>	<u>1,458,776</u>	<u>1,482,958</u>
NET ASSETS END OF THE YEAR	<u>\$ 281,306</u>	<u>\$ 1,766,779</u>	<u>\$ 2,048,085</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENT OF ACTIVITIES (Reviewed)  
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants	\$ 124,269	\$ 1,702,738	\$ 1,827,007
Contracts	460,000	-	460,000
Contributions and fundraising	183,016	-	183,016
In kind contribution rent	12,094	-	12,094
Interest income	794	-	794
Net assets released from restrictions:			
Satisfaction of program restrictions	1,424,722	(1,424,722)	-
Total revenues, gains and support	<u>\$ 2,204,895</u>	<u>\$ 278,016</u>	<u>\$ 2,482,911</u>
EXPENSES			
Program services	\$ 1,912,820	\$ -	\$ 1,912,820
Supporting services			
General and administrative	75,741	-	75,741
Fund raising	149,535	-	149,535
Total expenses	<u>\$ 2,138,096</u>	<u>\$ -</u>	<u>\$ 2,138,096</u>
Increase in net assets	\$ 66,799	\$ 278,016	\$ 344,815
NET ASSETS (DEFICIT) BEGINNING OF THE YEAR	<u>(42,617)</u>	<u>1,180,760</u>	<u>1,138,143</u>
NET ASSETS END OF THE YEAR	<u>\$ 24,182</u>	<u>\$ 1,458,776</u>	<u>\$ 1,482,958</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Service	Supporting Services		Total
		General and Administrative	Fund Raising	
Compensation and related expenses				
Compensation	\$ 1,567,948	\$ 68,948	\$ 111,511	\$ 1,748,407
Employee benefits and taxes	345,098	13,605	23,509	382,212
Total	<u>\$ 1,913,046</u>	<u>\$ 82,553</u>	<u>\$ 135,020</u>	<u>\$ 2,130,619</u>
Client records and welfare	\$ 9,945	\$ -	\$ -	\$ 9,945
Computers and maintenance	38,771	1,671	2,738	43,180
Consultants and contractors	171,211	7,379	12,089	190,679
Copier and maintenance	2,892	125	204	3,221
Depreciation	10,572	456	747	11,775
Fundraising	-	-	11,370	11,370
Grants to others	750	-	-	750
Insurance	12,650	545	893	14,088
Law library	3,772	-	-	3,772
Legal research	1,196	-	-	1,196
Marketing	1,215	52	86	1,353
Meetings for board and staff	1,237	53	87	1,377
Office expense	23,446	1,011	1,656	26,113
Policy	5,238	-	-	5,238
Professional and association dues	6,402	276	452	7,130
Rent and utilities	67,612	2,914	4,774	75,300
Telephone	1,306	56	92	1,454
Training	14,264	615	1,007	15,886
Travel and transportation	40,418	1,742	2,854	45,014
Volunteer and intern expense	380	-	-	380
Total Expense	<u>\$ 2,326,323</u>	<u>\$ 99,448</u>	<u>\$ 174,069</u>	<u>\$ 2,599,840</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Service	Supporting Services		Total
		General and Administrative	Fund Raising	
Compensation and related expenses				
Compensation	\$ 1,319,220	\$ 56,612	\$ 102,286	\$ 1,478,118
Employee benefits and taxes	273,386	11,732	21,197	306,315
Total	<u>\$ 1,592,606</u>	<u>\$ 68,344</u>	<u>\$ 123,483</u>	<u>\$ 1,784,433</u>
Client records and welfare	\$ 7,290	\$ -	\$ -	\$ 7,290
Computers and maintenance	19,917	855	1,544	22,316
Consultants and contractors	119,895	1,083	1,957	122,935
Copier and maintenance	2,624	113	203	2,940
Depreciation	10,610	455	823	11,888
Fundraising	-	-	12,687	12,687
Grants to others	750	-	-	750
Insurance	13,212	567	1,024	14,803
Law library	3,119	-	-	3,119
Legal research	1,832	-	-	1,832
Marketing	446	19	35	500
Meals and entertainment	2,114	91	164	2,369
Miscellaneous	4,445	191	345	4,981
Office expense	12,073	522	943	13,538
Policy	190	-	-	190
Professional/association dues	3,783	-	-	3,783
Rent and Utilities	63,430	2,722	4,918	71,070
Tax liability-JJPL	16,065	689	1,246	18,000
Telephone	2,105	90	163	2,358
Training	2,054	-	-	2,054
Travel and transportation	27,830	-	-	27,830
Volunteer Expense	6,430	-	-	6,430
Total Expense	<u>\$ 1,912,820</u>	<u>\$ 75,741</u>	<u>\$ 149,535</u>	<u>\$ 2,138,096</u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Audited 2019	Reviewed 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 565,127	\$ 344,815
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,775	11,888
Increase (decrease) in operating assets:		
Accounts receivable	(126,137)	(36,533)
Unconditional promises to give	132,176	(355,004)
Lease value of building	-	55,406
Prepaid expenses	(10,439)	(429)
Increase (decrease) in operating liabilities:		
Payroll liabilities	(6,000)	12,000
Vacation accrual	(15,232)	2,380
Credit cards	9,101	-
Net cash provided by (used by) operating activities	<u>\$ 560,371</u>	<u>\$ 34,523</u>
Net increase in cash and cash equivalents	<u>\$ 560,371</u>	<u>\$ 34,523</u>
Beginning cash and cash equivalents	<u>\$ 504,114</u>	<u>\$ 469,591</u>
Ending cash and cash equivalents	<u><u>\$ 1,064,485</u></u>	<u><u>\$ 504,114</u></u>

See notes to the financial statements.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Louisiana Center for Children's Rights is a nonprofit law office that supports the juvenile defense system of Louisiana. The Organization's mission and vision are as follows:

**Mission**

Using direct representation and advocacy, we fight to keep children out of the justice system so that they can thrive in their homes and communities.

**Vision**

We envision a Louisiana where every child, no matter their race or class, is free to be a kid and supported in becoming a healthy adult.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable which consist of contracts for the provision of services are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The Organization considers accounts receivable to be fully collectible.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate of 5% applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

Donated Materials, Services, and Supplies

Noncash donations are recorded as contributions at their fair value at the date of the donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets as follows:

Furniture and Equipment     5 years

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts

Contracts for service revenue are recognized as earned as the services are provided in accordance with the approved contracts.

Contributions and Grants

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Concentrations

The Organization's primary source of revenue is derived from grants. For the year's ended June 30, 2019 and 2018, \$1,385,179 and \$1,827,007 or 44% and 74% of the Organization's total gross revenue was from grants, \$1,508,489 and \$460,000 or 48% and 19% from contract revenue, \$265,344 and \$195,110 or 8% and 7% was from contributions and fundraising.

Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on use rates estimated by management.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Organization did not recognize any unrelated tax liabilities. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees to recognize right-of-use assets and lease liabilities for all leases with terms longer than 12 months. The ASU is effective for the Organization for periods beginning after December 15, 2020. The adoption of this standard is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU amends the existing accounting standards for revenue recognition, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method.

**NOTE 2. CASH AND CASH EQUIVALENTS**

The Organization maintains two bank accounts at one bank in New Orleans, Louisiana. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000 for interest bearing accounts. Cash at these institutions exceeded FDIC limits by \$814,485 and \$254,114 at June 30, 2019 and 2018, respectively.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 57,087	\$ 57,087
Furniture	45,974	45,974
	<u>\$ 103,061</u>	<u>\$ 103,061</u>
Less accumulated depreciation	(94,704)	(82,929)
Total	<u>\$ 8,357</u>	<u>\$ 20,132</u>

Depreciation expense for the year ended June 30, 2019 and 2018 was \$11,775 and \$11,888, respectively.

**LOUISIANA CENTER FOR CHILDREN'S RIGHTS**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4. UNCONDITIONAL PROMISES TO GIVE**

The Organization had the following unconditional promises to give for the years ended June 30, 2019 and 2018. The long-term portion of the assets were discounted using a 5% rate.

	2019	2018
Baptist Community Ministries	\$ 308,500	\$ 170,000
Public Welfare Foundation	200,000	-
United Way	35,000	25,000
Methodist Health System Foundation	85,620	168,746
Gaudet Fund Grant	967	2,500
Marguerite Casey Foundation	150,000	1,800
W.K. Kellogg Foundation	-	200,000
Youth Represent	-	10,000
Southern Poverty Law Center	-	300,000
Louisiana Bar Foundation	-	41,958
Total unconditional promises to give	\$ 780,087	\$ 920,004
Unamortized discount	(14,059)	(22,000)
Unconditional promises to give, net	\$ 766,028	\$ 898,004
Current portion	\$ 580,087	\$ 587,384
Long-term	185,941	310,620
Total	\$ 766,028	\$ 898,004

Future maturities of unconditional promises to give are as follows:

2021	\$ 100,000
2022	100,000
Discount	(14,059)
	\$ 185,941

**NOTE 5. LEASE AND DONATED FACILITIES**

On June 1, 2015, the Organization entered into a lease agreement with the City of New Orleans whereby the Organization would lease space at no cost for its administrative and program facility. The City of New Orleans owns and manages the facility. The initial term of the no cost lease will be for a three-year period that will end May 31, 2018. The City of New Orleans values the fair value of the lease (which also included services and utilities) at \$67,500 annually on a gross basis. In connection with this lease agreement, the Organization discounted the value of the three-year initial term of the lease (at 5% per year) and recorded a restricted contribution in fiscal 2015 of \$196,031.

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**NOTE 5. LEASE AND DONATED FACILITIES (CONTINUED)**

Beginning June 1, 2018, the Organization continues to have use of the office space with services and utilities at no cost. The term is deemed to be indefinite. The Organization will continue to record an in kind rental contribution and expense at the fair market value of \$67,500.

For the years ended June 30, 2019 and 2018, net assets released from restriction was \$0 and \$55,406, respectively. Rent expenses for the years ended June 30, 2019 and 2018 was \$67,500 and \$67,500, respectively.

**NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2019 and 2018, the Organization had \$1,766,779 and \$1,458,776 in net assets with donor restrictions as presented in the schedule below:

	<u>2019</u>	<u>2018</u>
Subsequent years' disbursements	\$ 1,766,779	\$ 1,403,370
Lease value of land	-	55,406
Total net assets with donor restrictions	<u>\$ 1,766,779</u>	<u>\$ 1,458,776</u>

**NOTE 7. LIQUIDITY**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,064,485
Accounts receivable	182,470
Unconditional promises to give	<u>766,028</u>
	<u>\$ 2,012,983</u>
Less those unavailable for general expenditures within one year, due to:	
Long-term portion of unconditional promises to give	<u>185,941</u>
	<u>\$ 185,941</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,827,042</u>

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**NOTE 7. LIQUIDITY (CONTINUED)**

The Organization is substantially supported by grants, governmental contracts and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the board designates a portion of any operating surplus to its liquidity reserves, which was \$15,000 as of June 30, 2019. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization might use donor restricted funds to meet the financial obligations.

**NOTE 8. RELATED PARTY TRANSACTION**

The Organization paid for a board chair's flights to attend the board meetings. The total for the flights for the years ended June 30, 2019 and 2018 was \$714 and \$735, respectively. The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the years ended June 30, 2019 and 2018.

**NOTE 9. SUBSEQUENT EVENTS**

Subsequent events were evaluated by the Organization through November 15, 2019, which is the date the financial statements were available to be issued.

**NOTE 10. IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for-Profit Entities*, which simplifies and improves how a nonprofit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaced the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. Implementation did not result in any quantitative changes to the financial position, activities, cash flows or net assets.



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

JAMES L. WHITE, C.P.A.

To the Board of Directors  
Louisiana Center for Children's Rights  
New Orleans, 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 Louisiana Center for Children's Rights (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Center for Children's Rights internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard & Franks*

Metairie, Louisiana  
November 15, 2019

**LOUISIANA CENTER FOR CHILDREN’S RIGHTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2019**

**SUMMARY OF AUDIT RESULTS**

1. The auditor’s report expresses an unmodified opinion on the financial statements of Louisiana Center for Children’s Rights.
2. There were no significant deficiencies or material weaknesses reported.
3. No instances of noncompliance material to the financial statements of Louisiana Center for Children’s Rights were disclosed during the audit.
4. No management letter was issued.
5. Louisiana Center for Children’s Rights did not exceed over \$750,000 of federal awards for the years ended June 30, 2019; therefore, Louisiana Center for Children’s Rights was not subject to OMB Circular A-133.
6. The dollar threshold used to distinguish between Type A and Type B programs was not applicable for the year ended June 30, 2019.
7. The qualification of low or high-risk auditee was not applicable to Louisiana Center for Children’s Rights because the Organization was not subject to OMB Circular A-133.

**FINDINGS-FINANCIAL STATEMENTS**

There were no findings for the year ended June 30, 2019.

**FINDINGS-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This is not applicable to the Organization for the year ended June 30, 2019.

**LOUISIANA CENTER FOR CHILDREN'S RIGHTS**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2019**

The financial statements for the year ended June 30, 2018 were reviewed and were not subject to the requirements of *Governmental Auditing Standards*.

**SUPPLEMENTARY INFORMATION**

LOUISIANA CENTER FOR CHILDREN'S RIGHTS

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Aaron Clark-Rizzo, Executive Director

Salary	\$	94,000
Benefits-insurance		18,261
Reimbursements		844
Total	\$	<u>113,105</u>



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Louisiana Center for Children's Rights and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Louisiana Center for Children's Rights (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

*Written Policies and Procedures*

1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Organization does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained from management and the written policies and procedures address the preparation, adoption, monitoring and amendment of 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.

Written policies and procedures were obtained and the policies do address the initiation of purchases, how vendors are added to the vendor list, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid laws, and documentation required to maintain for all bids and price quotes. Under the written policies the purchases are initiated by an employee by completing a requisition form. All expenses by employees are based upon reimbursement. Employees seek approval from the department supervisor for the purchase. The requisition and the check for payment are then forwarded to the Executive Director. The Executive Director reviews the requisition for reimbursement for approval and signs the check. For office supplies needed, a list of supplies needed is kept at the Administrative Assistant's desk. The Finance Manager approves the list of supplies needed. Once the order is placed, the Executive Director reviews the requisition for approval.

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

Written policies and procedures include a process that routes vendor invoices, to the proper staff for approval and through the accounting process. Invoices are processed bi-monthly. The staff member responsible for the invoice completes and signs a payment request. The payment request form with the attached invoice is then forwarded to the supervisor for approval and signature. The vendor invoices are approved for payment by the Executive Director of the Organization. The Finance Director prints the checks and then routes them to the proper personnel for signatures. The policy requires that checks receive two signatures. One signature is to come from the Executive Director and the other from the Senior Staff Attorney or the Associate Director. Copies are made of the checks and maintained in files by vendor. The Finance Manager mails the checks to pay the vendors.

d) ***Receipts***, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and do address the receiving, recording and preparation of deposits.

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

Written policies and procedures were obtained and do address the payroll process. Timesheets are prepared for the 15<sup>th</sup> and 30<sup>th</sup> of every month and the processing of the payroll is outsourced to a third party service. Timesheets are prepared by all staff. The department supervisors approve the timesheet and give the information to the Financial Director for record keeping. The Executive Director approves all employee salaries and all employees are paid based upon a standard scale, which initiates salary increases. The Financial Director submits the part time employee hours to the payroll company and copied the Executive Director. Payroll is prepared by the Financial Director on a semi-monthly basis.

- 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

The Organization's policies and procedures do not address the types of services requiring written contracts, standard terms and conditions, legal review or the monitoring process. The policies and procedures do address the approval process for contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and do address the functions noted above. The Organization has three credit cards and two debit cards. The Financial Director keeps the five cards under lock and key. The cards are used mostly for office supplies and client needed expenses by employees. The Finance Director maintains control of who uses the card and the employees must submit a requisition for expenses for approval. Employee must sign out the card before use, and upon return he/she must submit the credit card expense form with their signature, the supervisor's signature, with the receipts attached.

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

Written policies and procedures were obtained and do address the functions noted above. The policies require that the employee complete the requisition form. All expenses are based on reimbursements. They will first receive approval from the department supervisor, then the Executive Director reviews the requisition for reimbursement for approval and signs the check.

- 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 Organization's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Although the Organization is a nonprofit organization and the ethics agree-upon procedures do not apply, the above ethic policies are reflected in the Staff Policies, Procedures and Protocols.

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

The Organization is a nonprofit organization; therefore, the debt service agree-upon procedures do not apply.

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

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2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We obtained and reviewed minutes of the board of directors for the fiscal period noting that the board met with a quorum, when they did meet. According to the policies, the board of directors are to meet quarterly. The board of directors met twice during the fiscal year ended June 30, 2019.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Organization's prior audit (GAAP-basis).

We obtained and reviewed the board packets and minutes. The packets given to the board of directors did include a monthly budget-to-actual comparison.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The budget-to-actual comparisons did not show that management was deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a signed list of all client bank accounts from the Finance Director.

4. Using the listing provided by management, select all of the Organization's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate*

*audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We determined that bank reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliation provides evidence that the Finance Director and Executive Director review each bank reconciliation monthly and sign them for approval. The board reviews the bank reconciliations quarterly.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Bank reconciliations for the operating account listed 8 checks totaling \$4,022.37 that were outstanding for more than six months. The Finance Director plans to create a journal entry to remove the outstanding checks in the next fiscal year.

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

All of the cash receipts is collected at the Administrative office, therefore there is one location.

6. Using the listing provided by management, select all of the Organization's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Although there are no bonded employees, the Organization carries a crime policy that covers employee theft for up to \$170,000. The Office Manager receives all incoming mail and is not responsible for recording the transactions or depositing it into the bank. There are no cash registers or drawers shared with employees.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Organization has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Organization has a formal process to reconcile cash to the general ledger by a person not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using Organization collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collections are deposited twice a month because of the limited amount of checks collected in the mail.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We verified that daily cash collections for the selected week were supported by documentation. There were no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Organization has a process specifically defined (identified as such by the Organization) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

We obtained the written documentation and the Organization does have a process to determine the completeness of all collections for each revenue source by a person who is not responsible for collections.

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

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8. Obtain a listing of Organization disbursements from management or, alternately, obtain the general ledger and sort/filter for Organization disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing of disbursements from the accounting software and management provided us with a representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Organization had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We examined supporting documentation for each of the 25 disbursements selected and noted that some of the purchase had a requisition form, but not all. The Organization did have requisition forms for each expenditure, but not all expenditures. The Organization has since implemented a purchase order form for all purchases.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We examined the supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We examined the supporting documentation for each of the disbursements selected and noted an appropriate approved invoice.

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

After reviewing documentation we noted that the person responsible for processing payments is also responsible for adding vendors to the Organization's purchasing/disbursement system.

11. Using Organization documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person who makes the final authorization for disbursements has no responsibility for initiating purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Organization documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The unused checks are kept under lock and key and only the Finance Director has access to the key. The Finance Director does not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Organization does not utilize a signature stamp or signature machine.

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

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

We obtained a certified list of all active credit cards and debit cards, including the card numbers and the names of the persons who maintained possession of the cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Organization has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

We selected one-third of the credit cards from the list to perform the agreed-upon procedures.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal

authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

We obtained the monthly statements and selected the statement with the largest dollar activity for each credit card. Each credit card statement was authorized and approved by the Executive Director and Finance Director.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance fees or late charges on the statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an original receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

For each transaction selected the business purpose was documented.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Documentation for the transaction included in the sample was in accordance with the written policy of the Organization.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Organization's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

For each transaction included in the sample, we compared the transaction's detail to the Organization's written purchasing/disbursement policies and the Louisiana Public Bid Law.

No exceptions were noted.

- c) For each transaction, compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no transactions subject to Article 7, Section 14 of the Louisiana Constitution.

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

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained the general ledger for travel reimbursements. Management provided representations that the listing was complete.

18. Obtain the Organization's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

We obtained the Organization's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rate established by the U.S. General Services Administration. The procedures state that the Organization is to use the rate established by the U.S. General Services Administration.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Organization does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Travel and expense reimbursements for the individuals selected in accordance with #17 were paid in accordance with written policies and procedures of the Organization.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Documentation required by written policies and procedures was noted for each expense reimbursement selected in accordance with the sample selection in #19 above.

- c) Compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a signed list of all contracts from management from the general ledger.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There are formal written contracts that support the services arrangement and the amount paid for the five chosen contracts.

Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Organization complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

- If no, obtain supporting contract documentation and report whether the Organization solicited quotes as a best practice.

This is not applicable to the Organization.

- b) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The contracts were not amended.

- c) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract. There were no exceptions.

- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This was not applicable to the Organization.

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

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

We obtained a listing of employees with their related salaries from the Finance Director as of yearend from the QuickBooks accounting system and randomly selected 5 employees and their personnel files.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We reviewed the compensation paid to each employee during the fiscal period and determined the payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes made to hourly pay rates/salaries during the fiscal period were documented with a change form. The form was approved by the Executive Director.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Organization had less than 25 employees during the fiscal period), and:

We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period we randomly selected 25 employees/ officials.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We obtained the approved attendance and leave documentation from the Finance Director, the leave of the selected employees was approved by the supervisor or Executive Director.

- c) Report whether there is written documentation that the Organization maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Finance Director maintains written documentation of all employees leave documentation including their hours earned, hours used, and balance available for all selected employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no terminated employees and vacation and sick time is not paid out.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. Payroll taxes and retirement contributions are maintained by the payroll preparation service. The employment taxes,

employee withholdings and retirement contributions were drafted timely by the payroll preparation service for each payroll period.  
No exceptions were noted.

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the Organization maintained documentation to demonstrate that required ethics training was completed.

The Organization is a nonprofit organization; therefore, this item is not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Organization during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the Organization’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

The Organization is a nonprofit; therefore, this item is not applicable.

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the Organization, and report whether State Bond Commission approval was obtained.

The Organization is a nonprofit organization; therefore, this item is not applicable.

29. If the Organization had outstanding debt during the fiscal period, obtain supporting documentation from the Organization and report whether the Organization made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Organization is a nonprofit organization; therefore, this item is not applicable.

30. If the Organization had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Organization is a nonprofit organization; therefore, this item is not applicable.

*Other*

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31. Inquire of management whether the Organization had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Organization reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.

Management has asserted that the Organization did not have any misappropriations of public funds or assets during the reporting period.

32. Observe and report whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lja.la.gov/hotline](http://www.lja.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Organization posted the notice required by R.S. 24:523.1 on its premises and its website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Management provided accurate representations regarding the procedures included in this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Bernard & Franks*

Metairie, Louisiana  
November 15, 2019

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Quasi-public Agencies)

8/19/2019 (Date Transmitted)  
Bernard and Franks, A Corp. of CPA's (CPA Firm Name)  
4141 Veterans Memorial Blvd. Suite 313 (CPA Firm Address)  
Metairie, LA 70002 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2019 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No [ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [] No [ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No [ ]

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes [] No [ ]

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No [ ]

**Reporting**

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [ ]

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [  ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [  ]

#### Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No [  ]

#### General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [  ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [  ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No [  ]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No [  ]

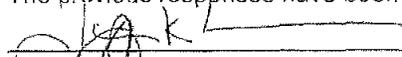
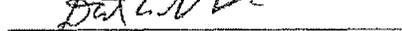
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No [  ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [  ]

The previous responses have been made to the best of our belief and knowledge.

	Secretary	8/19/19	Date
	Treasurer	8/19/19	Date
	President	8/19/19	Date