

ADAPT, INC.

Bogalusa, Louisiana

**Financial Statements
For the Year Ended
December 31, 2017**

MINDA B. RAYBOURN

Certified Public Accountant

**820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438**

Adapt, Inc.
Bogalusa, Louisiana

Financial Statements
As of and for the Year Ended
December 31, 2017
With Supplemental Information Schedule

C O N T E N T S

Independent' Auditor's Report	2
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	
Schedule of Board Members	12
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Summary of Findings and Responses	16
Independent Accountant's Agreed Upon Procedures Report	1-13

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I have audited the accompanying financial statements of Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adapt, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board members and schedule of compensation, benefits, and other payments paid to the agency are presented for purposes of additional analysis and are 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 my 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*, I have also issued my reported dated July 13, 2018, on my consideration of Adapt, Inc.'s internal control over financial reporting and on my tests of its compliance with certain laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adapt Inc.'s internal control over financial reporting and compliance.

Minda Raybourn

Franklinton, LA
July 13, 2018

ADAPT, INC.Statement of Financial Position
As of December 31, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$	318,629
Grant receivables		<u>112,572</u>
Total current assets		<u>431,201</u>

Total Assets \$ 431,201

LIABILITIES AND NET ASSETS

Current liabilities:

Payroll payable	\$	<u>2,561</u>
Total current liabilities		<u>2,561</u>

Total Liabilities 2,561

Net Assets:

Unrestricted		<u>428,640</u>
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Total Net Assets 428,640

Total Liabilities and Net Assets \$ 431,201

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

ADAPT, INC.

Statement of Activities

For the year ended December 31, 2017

Functions/Programs	Temporarily Restricted			Increase/ (Decrease)
	Expenses	Grants Revenues	In-Kind Services	
Federal and State Grant Activity				
Rape prevention education	\$ 24,493	\$ 26,515	\$ -	\$ 2,022
Victim's Assistance Program	245,977	225,420	-	(20,557)
Rape counseling program	24,732	26,141	-	1,409
Partnership for Success	47,104	82,753	-	35,649
Sexual assault program	12,092	13,937	-	1,845
Sexual assault service program	18,552	19,136	-	584
Tobacco free living	5,182	3,450	-	(1,732)
Drug Free Communities	112,245	127,655	-	15,410
Heart Ahead Heart Smart	30,767	27,500	-	(3,267)
Addictive disorder/Life Skills Training	81,974	118,420	-	36,446
Total Federal and State Grant Activity	<u>603,118</u>	<u>670,927</u>	<u>-</u>	<u>67,809</u>
General Revenues				
Drug screening fees				29,847
Other fees DNA, Wellness				1,043
Counseling fees				14,801
United Way proceeds				27,083
Donations				13,778
Take Back the Night				4,038
Interest Income				20
Other Revenue				<u>5,171</u>
Total Unrestricted Revenue				<u>95,781</u>
Expenses				
Drug screening expenses				16,336
Other				14,601
Consultant expenses				<u>3,080</u>
Total Expenses				<u>34,017</u>
Change in Net Assets				129,573
Net Assets, Beginning				<u>299,067</u>
Net Assets, Ending				<u>\$ 428,640</u>

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

ADAPT, INC.

Statement of Cash Flow

For the year ended December 31, 2017

Cash Flows From Operating Activities

Change in Net Assets	129,573
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:	
Increase in Grants Receivable	(12,039)
Increase in Payroll Tax Payable	(5,918)
Net Cash Flows From Operating Activities	<u>\$ 111,616</u>
Net Change in Cash and Cash Equivalents	111,616
Cash and Cash Equivalents - Beginning of Year	<u>207,013</u>
Cash and Cash Equivalents - End of Year	<u>\$ 318,629</u>

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

ADAPT, INC.

Statement of Functional Expenses

For the year ended December 31, 2017

	Program Services	Management & General	Total
Salaries & Payroll Taxes	305,116	-	305,116
Bookkeeping	13,593	-	13,593
Consultants	129,530	1,090	130,620
Coordinators	-	750	750
Drug Screening	-	14,378	14,378
Dues/ & Subscriptions	972	-	972
Liability Insurance	1,160	-	1,160
Small Equipment	21,052	-	21,052
Liability Insurance	-	1,358	1,358
Maintenance of Property	6,974	-	6,974
Meetings	298	-	298
Registration	325	-	325
Rent	14,400	-	14,400
Supplies	51,912	5,463	57,375
Take Back the Night	3,371	2,653	6,024
Telephone	8,930	-	8,930
Travel	38,757	3,322	42,079
Utilities	7,614	-	7,614
Wellness	3,249	868	4,116
Total	<u>607,254</u>	<u>29,882</u>	<u>637,135</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporation and Nature of Activities

Adapt, Inc. (the "Organization") is a Louisiana non-profit corporation formed on July 22, 1994. The Organization's purpose is to provide education and out-patient therapy and assessments in the area of substance abuse; to provide education, out-patient therapy and assessments to victims of sexual assault; to provide general mental health and social services through collaboration, coordination, education, assessment, and intervention, and to enter into any lawful business activity which corporations organized under Revised Statute 12:201 et seq. engage, either for its own account or on behalf of others as an agent.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting based on accounting principles generally accepted in the United States. The Organization follows the guidance provided by the Financial Accounting Standards Board in its codification of accounting standards (ASC 958). Under these standards, the Organization is required to report its financial position and activities in three classes based on the existence of donor-imposed restrictions regarding the use of the assets. The classes of net assets are as follows:

Unrestricted net assets represent those net assets which are not subject to any donor imposed restrictions and, therefore, may be utilized at the discretion of the organization.

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor imposed restrictions that expire by passage of time or upon the fulfillment of the donor imposed restrictions by the Organization.

Permanently restricted net assets result from contributions and other inflows of net assets whose use by the Organization is limited by stipulations that do not expire or otherwise cannot be removed by the Organization.

Revenue Recognition

The Organization receives the majority of its funding through federal grants which are passed through local state agencies. Revenue from grants is recognized at the time that the underlying expenses which are reimbursable according to the terms of the grant are incurred.

Adapt, Inc.
Notes to Financial Statements
December 31, 2017

The Organization also provides services on a fee for service basis. These services include drug screening and counseling. Revenue from such services is recognized at the time the services are provided to the client.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all short-term debt securities with maturity of three months or less to be cash equivalents.

Grant Receivables

Grant receivables represent amounts due for reimbursement of expenses which had been incurred by the Organization as of December 31, 2017, which were reimbursable under federal grants, and which had not been reimbursed to the Organization as of December 31, 2017.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana Statutes. Accordingly, the Organization has not provided any provision for income taxes in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statement date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

The Corporation's cash equivalents at December 31, 2017 were comprised of demand deposits in the amount of \$319,629. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must all time equal the amount on deposit with the fiscal agent. At December 31, 2017 the Corporation has \$330,030 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance up to \$250,000. The unsecured cash balance is \$80,030.

Adapt, Inc.
Notes to Financial Statements
December 31, 2017

Adapt, Inc. has not experienced any losses and does not believe that significant credit risks exists as a result of this experience.

NOTE 3: GRANTS RECEIVABLE

The Corporation's receivables consist of reimbursements due for federal grant expenditures. Amounts due as of December 31, 2017 were as follows:

Rape Prevention Education	\$	5,191
Sexual Assault Counselor Program		3,954
Kids Don't Gamble		6,595
Life Skills Training		21,395
Partnership for Success		12,197
Victim's Assistance Program		56,264
United Way		2,083
Sexual assault service program		4,893
		<u>112,572</u>

NOTE 4: LEASE

On July 1, 2017, the Corporation entered into a new 2 year lease agreement for the property located at 216 Memphis Street, Bogalusa, Louisiana. Payments required under this lease are \$1,200 per month for 24 months and will terminate on June 30, 2018. The lease agreement is renewable for an additional two year term commencing July 1, 2018.

NOTE 5: SCHEDULE OF FEDERAL GRANT AWARDS

Grants from governmental agencies include the following for the year ended December 31, 2017:

<u>FEDERAL GRANTS</u>	Federal Expenditures
United States Department of Health and Human Services	
Louisiana Department of Health & Hospitals	
Rape Prevention Education	24,493
Addictive Disorder	81,974
Florida Parishes Human Services Authority	
Addictive Disorder Services	
Partnerships for Success	47,104
United States Department of Justice	
Louisiana Commission on Law Enforcement	
Rape Counseling Program	24,732
Sexual Assault Counselor	12,092
Victim's Assistance Program	245,977
Sexual Assault Service Program	18,552
Total Federal Grant Expenditures	<u>\$ 454,924</u>

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through July 13, 2018, the date the financial statements were available for issuance and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

ADAPT, INC.

Schedule of Board Members

For the year ended December 31, 2017

	TERM
Dana Dodds, President 1318 Settlers Drive Bogalusa, La 70427 985-516-1223	1/1/17-12/31/17
Erin Killingworth, Vice President 1403 North Avenue Bogalusa, La 70427 985-281-2232	1/1/17-12/31/17
Effice Clayton, Secretary 58428 Jake Talley Road Bogalusa, LA 70427 985-516-5355	1/1/17-12/31/17
Michelle Knight, Treasurer 64284 Foster Town Road Angie, La. 70426 985-516-4520	1/1/17-12/31/17
Charlette Fornea, Chief Executive Officer 25705 Coleman Street Angie, La. 70426 985-735-0322	1/1/17-12/31/17

Board Members are re-elected each year and receive no compensation.

See independent auditor's report.

ADAPT, INC.

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2017

Agency Head: Charlotte Fornea, Director

Salary	71,360
Benefits-Social Security and Medicare	5,459
Travel	<u>5,447</u>
Total	<u><u>82,266</u></u>

See independent auditor's report.

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

To the Board of Directors of
Adapt, Inc.
Bogalusa, LA

I 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 Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 my report thereon dated July 13, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Adapt, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adapt, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Adapt, Inc.'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Adapt, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-1.

Adapt, Inc.'s Response to Findings

Adapt, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Adapt, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Minda Raybourn

Franklinton, LA
July 13, 2018

**Schedule of Findings and Responses
Adapt, Inc.
Bogalusa, LA**

For the year ended December 31, 2017

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? No

Noncompliance material to the financial statements noted? Yes

Federal Awards

The organization did not receive federal awards in excess of \$750,000 during the year ended December 31, 2016, and therefore is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform guidance).

**Schedule of Findings and Responses
Adapt, Inc.
Bogalusa, LA**

For the year ended December 31, 2017

Compliance Finding 2017-1 Late Submittal of Report

Criteria: The audit report must be submitted to the Louisiana Legislative Auditor no later than six months after the close of the entity's fiscal year.

Condition: Adapt, Inc.'s audit report was submitted past the statutory due date. The organization's deadline is June 30, 2017.

Cause of Condition: The major cause was the auditor needed additional time to reconcile grant revenues and expenditures.

Effect: Adapt, Inc.'s audit report was submitted during July 2018 causing the report to be late.

Recommendation: The organization will strive to get the year-end reconciliations completed for the auditor on an earlier timeline next year.

Management's Response: We agree with the auditor's recommendation.

Schedule of Prior Year Findings and Responses
Adapt, Inc.
Bogalusa, LA

For the year ended December 31, 2017

Compliance Finding 2016-1 Late Submittal of Report

Criteria: The audit report must be submitted to the Louisiana Legislative Auditor no later than six months after the close of the entity's fiscal year.

Condition: Adapt, Inc.'s audit report was submitted on July 17, 2017. The organization's deadline is June 30, 2016.

Cause of Condition: The major cause was the auditor had a major illness during the last week of April 2017 delaying procedures.

Effect: Adapt, Inc.'s audit report was submitted during the third week of July 2017 causing the report to be late.

Recommendation: The organization will strive to get the year-end report completed for the auditor on an earlier timeline next year.

Management's Response: We agree with the auditor's recommendation.

Status: Unresolved

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

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 28, 2018

To the Board of Adapt, Inc.
Bogalusa, Louisiana

And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Adapt, Inc. (the entity) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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 entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The Entity does have written policies and procedures regarding budgeting.
 - 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.

The Entity has written policies and procedures regarding purchasing. Purchase orders are not used.

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

The Entity has written policies and procedures regarding disbursements.

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

The Entity has written policies and procedures regarding receipts.

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

The Entity has some policies and procedures on payroll.

- 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 Entity does not have written policies and procedures addressing contracts.

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

The Entity has policies and procedures on credit cards..

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

The Entity does have policies and procedures on travel and expense reimbursement.

- 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.

This is not applicable.

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

This is not applicable.

Board (or Finance Committee, if applicable)

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.

The Board meets quarterly.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - 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 Board reviews budget to actual comparisons each quarter,
 - 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 reflect non-budgetary financial information for at least one meeting.

Bank Reconciliations

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

A listing of client bank accounts and management's representation the listing is complete were obtained.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *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;
 - 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

Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts. The external accountant reviews the bank reconciliation each month.
 - 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.

Management has documentation and has reviewed items that have been outstanding for more than 6 months at the end of the fiscal year.

Collections

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

A listing of cash collection locations and management's representation that the listing is complete were obtained.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

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

The entity has one cash drawer. The person responsible for collections is not the same person who deposits the cash in the bank, records the transactions, or reconciles the account. Employees are not bonded. The Entity uses an outside accountant for reviewing transactions and the bank account.

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

There is a formal written process to reconcile cash collections to the general ledger by revenue source. That person is different than the person who handles 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 entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the one collection location was obtained along with collection documentation, deposit slips, and bank statements. All collections were deposited by the next business day.

- 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.

All collections were completely supported by documentation for the location tested.

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

The Entity does have written policies or procedures that documents a process to determine completeness of all collections for each revenue source. The entity uses an external accountant to verify completeness of collections of each revenue source.

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

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

The general ledger was obtained and sorted and filtered for disbursements. Management's representation that the population is complete were obtained.

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

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

The Entity does not use purchase orders.

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

The Entity does not use purchase orders.

- 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.

All payments selected and tested had an approved invoice or receipt of goods purchased. The Entity does not use purchase orders.

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

The person responsible for processing payments can add vendors to the accounting system.

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

The Executive Director has final approval on all purchases. She can sign checks for the Entity.

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

Inquiry and observations of management indicated that unused check stock is maintained in a locked location.

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 Entity does not use signature stamps or a signature machine. Once checks are signed, they are mailed by the same day.

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

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.

I obtained a listing of active credit cards and obtained management's representation that the listing is complete.

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

The Entity has one credit card. It does not use debit cards, fuel cards, or P-Cards.

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.]

The Executive Director is the card holder. The program director approves the payment after reviewing the statement and support. The Executive Director also approves the payment.

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

There were not finance charges or late fees.

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)

Itemized receipts were attached to all purchases..

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

Documentation for the business/public purpose was evident..

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

No other documentation was required..

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

No purchases were done that would have been subject to the public bid law.

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

No transactions were loans, pledges, or donations of any kind.

Travel and Expense Reimbursement

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.

The general ledger was sorted and filtered for travel reimbursements. Management's representation that the general ledger is complete were obtained.

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

The Entity does have written policies relating to travel and expense reimbursements. The policies mirror GSA rates.

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

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

There were no exceptions to this procedure.

- 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.]

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

Contracts

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.

The general ledger was obtained and sorted and filtered for contract payments. Management's representation that the general ledger is complete were obtained.

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.

The Entity had written contracts that supported the service arrangements and payments.

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

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

No contracts were amended.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions to this procedure.

Payroll and Personnel

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

A listing of employees with their related salaries and management's representation that the listing is complete were obtained.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no changes to hourly pay rates during the fiscal period.

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

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

There were no exceptions noted.

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

There were no exceptions noted.

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

The Entity did maintain complete written documentation of leave records on the 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.

No employees were terminated.

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.

All payroll taxes were paid timely. The entity does not have a retirement program.

Ethics (excluding nonprofits)

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

This is not applicable.

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

This is not applicable.

Debt Service (excluding nonprofits)

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

This is not applicable.

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

This is not applicable.

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

This is not applicable.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

No exceptions were noted as a result of applying this procedure..

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

No exceptions were noted as a result of applying this procedure.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Minda Rayburn

Franklinton, LA

June 28, 2018