
ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. John Association for Retarded Citizens, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of St. John Association for Retarded Citizens, Inc. (the Association) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John Association for Retarded Citizens, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of compensation, benefits, and other payments to agency head as listed in the table of contents 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 *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
December 21, 2017

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 3,033,867	\$ 2,886,045
Contract receivables	77,479	68,371
Receivable from St. John Parish	107,325	101,436
Other receivables	2,654	1,202
Prepaid expenses	7,764	7,426
<u>TOTAL CURRENT ASSETS</u>	<u>3,229,089</u>	<u>3,064,480</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>313,935</u>	<u>192,121</u>
<u>TOTAL ASSETS</u>	<u>\$ 3,543,024</u>	<u>\$ 3,256,601</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accrued payroll and other payables	\$ 46,795	\$ 51,036
<u>TOTAL CURRENT LIABILITIES</u>	<u>46,795</u>	<u>51,036</u>
<u>LONG TERM LIABILITIES</u>	<u>-</u>	<u>1,087</u>
<u>TOTAL LIABILITIES</u>	<u>46,795</u>	<u>52,123</u>
<u>NET ASSETS</u>		
Unrestricted	3,496,229	3,204,478
<u>TOTAL NET ASSETS</u>	<u>3,496,229</u>	<u>3,204,478</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,543,024</u>	<u>\$ 3,256,601</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUES AND OTHER SUPPORT</u>		
Contract revenues - DHH - Medicaid	\$ 1,210,932	\$ 1,156,967
Contract revenues - Betr-Care	34,627	31,930
Contract revenues - Res-Care	33,776	37,380
Ad valorem tax	378,698	354,642
Client contracts	61,648	53,864
Contributed rent	42,000	42,000
Client lunches	15,279	15,621
FEMA reimbursement	26,896	143,109
Miscellaneous income	7,888	6,723
Total revenues and other support	<u>1,811,744</u>	<u>1,842,236</u>
<u>EXPENSES</u>		
Program services:		
Adult habilitation program	813,264	809,188
Personel care attendant service program	688,092	685,265
Supporting services:		
Management and general	18,637	21,849
Total expenses	<u>1,519,993</u>	<u>1,516,302</u>
Change in net assets	291,751	325,934
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>3,204,478</u>	<u>2,878,544</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 3,496,229</u>	<u>\$ 3,204,478</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2017

2017	Program Services			Supporting Services		Total
	Adult Habilitation Program	Personal Care Attendant Service	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 399,317	\$ 585,484	\$ 984,801	\$ 175	\$ 175	\$ 984,976
Clients	48,313	-	48,313	-	-	48,313
Employee benefits - health insurance	53,958	5,592	59,550	-	-	59,550
Payroll taxes	30,802	52,190	82,992	-	-	82,992
Worker's compensation insurance	4,409	6,614	11,023	-	-	11,023
Conference and training	2,103	1,182	3,285	-	-	3,285
Client lunches	38,707	-	38,707	-	-	38,707
Depreciation	23,359	-	23,359	6,175	6,175	29,534
Insurance	52,431	-	52,431	-	-	52,431
License and fees	1,553	5,417	6,970	4,336	4,336	11,306
Medicaid billing software and support	900	900	1,800	-	-	1,800
Occupancy:						
Utilities	19,108	659	19,767	2,196	2,196	21,963
Maintenance	13,529	467	13,996	1,555	1,555	15,551
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	9,484	9,631	19,115	-	-	19,115
Supplies:						
Operating	14,202	244	14,446	-	-	14,446
Office	5,902	4,306	10,208	-	-	10,208
Telephone	6,200	7,325	13,525	-	-	13,525
Transportation expense	48,901	-	48,901	-	-	48,901
Travel and meals	-	652	652	-	-	652
Other	3,546	6,169	9,715	-	-	9,715
Total expenses	<u>\$ 813,264</u>	<u>\$ 688,092</u>	<u>\$ 1,501,356</u>	<u>\$ 18,637</u>	<u>\$ 18,637</u>	<u>\$ 1,519,993</u>

(Continued)

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2016

2016	Program Services			Supporting Services		Total
	Adult Habilitation Program	Personal Care Attendant Service	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 376,456	\$ 599,453	\$ 975,909	\$ 175	\$ 175	\$ 976,084
Clients	38,507	-	38,507	-	-	38,507
Employee benefits - health insurance	54,309	1,051	55,360	-	-	55,360
Payroll taxes	39,939	40,537	80,476	-	-	80,476
Worker's compensation insurance	2,082	2,293	4,375	-	-	4,375
Conference and training	4,200	113	4,313	-	-	4,313
Client lunches	38,088	-	38,088	-	-	38,088
Depreciation	26,787	-	26,787	6,213	6,213	33,000
Dues	-	-	-	5,352	5,352	5,352
Insurance	53,952	-	53,952	-	-	53,952
License and fees	-	4,700	4,700	165	165	4,865
Medicaid billing software and support	1,000	1,000	2,000	-	-	2,000
Occupancy:						
Utilities	17,254	595	17,849	1,983	1,983	19,832
Maintenance	17,576	606	18,182	2,020	2,020	20,202
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	9,437	10,206	19,643	-	-	19,643
Supplies:						
Operating	9,024	547	9,571	-	-	9,571
Office	10,533	6,172	16,705	-	-	16,705
Telephone	6,545	7,560	14,105	-	-	14,105
Transportation expense	64,142	-	64,142	-	-	64,142
Travel and meals	54	574	628	-	-	628
Other	2,763	8,598	11,361	1,741	1,741	13,102
Total expenses	<u>\$ 809,188</u>	<u>\$ 685,265</u>	<u>\$ 1,494,453</u>	<u>\$ 21,849</u>	<u>\$ 21,849</u>	<u>\$ 1,516,302</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 291,751	\$ 325,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	29,534	33,000
(Increase) decrease in contract receivables	(9,108)	27,184
Increase in ad valorem tax receivable	(5,889)	(18,593)
(Increase) decrease in other receivable	(1,452)	126
Decrease in prepaid expenses	(338)	(561)
Decrease in accrued payroll and payroll payables	(4,241)	(5,513)
Net cash provided by operating activities	<u>300,257</u>	<u>361,577</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of equipment	(151,348)	(6,315)
Net cash used in investing activities	<u>(151,348)</u>	<u>(6,315)</u>
<u>FINANCING ACTIVITIES</u>		
Principal payments on capital lease	(1,087)	(3,390)
Net cash used in financing activities	<u>(1,087)</u>	<u>(3,390)</u>
Net increase in cash	147,822	351,872
Cash, beginning of year	<u>2,886,045</u>	<u>2,534,173</u>
Cash, end of year	<u>\$ 3,033,867</u>	<u>\$ 2,886,045</u>
<u>NON CASH FINANCIAL STATEMENT DISCLOSURE</u>		
In kind donation - use of facility	<u>\$ 42,000</u>	<u>\$ 42,000</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

St. John Association for Retarded Citizens, Inc. (the Association) is a 501 (c) (3) non-profit corporation founded for the purpose of helping citizens with mental retardation and developmental disabilities and was incorporated on October 30, 1972, under the laws of the State of Louisiana. The Association operates a Day Developmental Work-Training Center and an Individual Family Support Services program. The day developmental work-training center trains the mentally and physically handicapped citizens of the parish who are 21 years of age and older. The areas of training are geared toward helping the individuals adjust to society. The Association also provides free transportation for all activities including daily instruction classes. The individual family support service provides twenty-four hour a day in-home care by trained workers and is available for mentally handicapped citizens of all ages and the elderly.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

Financial Accounting Standards Board Codification No. 958 entitled “Not-For-Profit Entities” requires that net assets and changes in net assets be reported for three classifications—permanently restricted, temporarily restricted and unrestricted—based on the existence or absence of donor imposed restrictions of the assets to a particular purpose. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. The Association has no temporarily restricted net assets.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Association pursuant to those stipulations. The Association has no permanently restricted net assets.

Cash

For purposes of the statement of cash flows, the Association considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. The association had no cash equivalents as of June 30, 2017.

Contract Receivables

Contract receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was zero for the years ended June 30, 2017 and 2016.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 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.

Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as increased in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-39 years
Land improvements	15 years
Equipment, furniture, and fixtures	5-20 years
Vehicles	5 years

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Ad Valorem Tax

The citizens of St. John the Baptist Parish passed Proposition II on April 3, 1993. In 2012, Proposition II was renewed and will levy a one mill tax on all the property within the Parish for a period of ten years beginning with the year 2013 and ending with year 2022. The ad valorem funds are to be used for maintaining and operating the public building used to house mentally retarded persons (including payment of salaries and costs and conducting training programs for the mentally retarded and developmentally disabled citizens).

Contract Revenue

Contract revenue is recognized on the accrual basis of accounting as services are provided.

Contributed Services

Members of the Association's board of directors and other volunteers have made significant contributions of their time to assist in the Association's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it does not meet the criteria for recognition under GAAP.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated Absences

Salaried employees of the Association accrue leave time of one day for each operational month. Leave must be taken by June 30 each year or the leave time is lost. Accordingly, the financial statements do not include a provision for compensated absences.

Concentration of Credit Risk

The Association maintains cash in bank accounts in excess of insured limits periodically. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to Federal income tax.

The Association applies a "more-likely-than-not" recognition threshold for all tax uncertainties. The Association has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, this standard has not had a material effect on the Association.

Recent Account Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. The Organization is currently assessing the impact of this pronouncement on the financial statements.

Reclassification

Certain reclassifications of prior year information were made to conform to current year presentation.

2. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 50,412	\$ 50,412
Leasehold improvements	45,900	45,900
Land improvements	39,449	39,449
Building and improvements	121,315	121,315
Equipment	101,145	95,570
Vehicles	254,663	254,663
Construction in Progress	150,474	4,700
Total	<u>763,358</u>	<u>612,009</u>
Less: Accumulated depreciation	<u>(449,423)</u>	<u>(419,888)</u>
Property and equipment, net	<u>\$ 313,935</u>	<u>\$ 192,121</u>

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

3. Contributed Rent

The Association occupies a parish government owned building located at 101 Bamboo Street, Laplace Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. Included in contributed rent on the Statements of Activities and Changes in Net Assets is \$42,000 for the years ended June 30, 2017 and 2016.

4. Concentration

The Association receives from the State of Louisiana, Department of Health and Hospitals approximately 66% and 63% of total revenue for the years ended June 30, 2017 and 2016.

5. Commitments on Construction Contracts

The Association has a contract with a construction company of approximately \$2,270,000 for the construction of a new facility of which approximately \$146,000 has been completed as of June 30, 2017.

6. Subsequent Events

Management of the Association has evaluated subsequent events through the date that the financial statements were available to be issued, December 21, 2017, and determined that no other events occurred that require disclosure. Subsequent events occurring this date have not been evaluated for inclusion in financial statements.

SUPPLEMENTAL SCHEDULE

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

**SUPPLEMENTAL SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED JUNE 30, 2017**

Agency Head: Linda Lambert, Director of Day Program

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 46,362
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by governance	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	111
Conference travel	-
Housing	-
Unvouched expenses	-
Special meals	-
Other	-

See accompanying independent auditors' report.

**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
St. John Association for Retarded Citizens, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. John Association for Retarded Citizens, Inc. (the Association)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, 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 December 21, 2017.

Internal Control Over Financial Reporting

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

Postlethwaite & Netterville

Metairie, Louisiana
December 21, 2017