

LOUISIANA CRISIS ASSISTANCE CENTER

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

DECEMBER 31, 2017

LOUISIANA CRISIS ASSISTANCE CENTER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Crisis Assistance Center

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of the financial position as of December 31, 2017, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Crisis Assistance Center 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.

Report on Summarized Comparative Information

We have previously audited Louisiana Crisis Assistance Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement 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 May 22, 2018, on our consideration of Louisiana Crisis Assistance Center'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 Louisiana Crisis Assistance Center's internal control over financial reporting and compliance.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
May 22, 2018

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

**SUMMARIZED
COMPARATIVE
INFORMATION
DECEMBER 31, 2016**

Cash	\$ 727,652	\$ 898,998
Investments (Notes A5 and B)	606,416	606,577
Receivables (Note A4)		
Grant (Note C)	92,501	-
Other	<u>103,458</u>	<u>15,481</u>
	<u>195,959</u>	<u>15,481</u>
Land, property, and equipment-at cost (Notes A6 and D)	309,988	328,597
Deposits	<u>5,850</u>	<u>5,850</u>
Total assets	<u>\$ 1,845,865</u>	<u>\$ 1,855,503</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 34,048	\$ 24,831
Pension contribution payable	<u>45,604</u>	<u>29,760</u>
Total liabilities	<u>79,652</u>	<u>54,591</u>
Commitments (Note I.)	-	-
Net assets		
Unrestricted	1,528,088	1,381,249
Temporarily restricted (Note E)	<u>238,125</u>	<u>419,663</u>
Total net assets	<u>1,766,213</u>	<u>1,800,912</u>
Total liabilities and net assets	<u>\$ 1,845,865</u>	<u>\$ 1,855,503</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF ACTIVITIES

For the year ended DECEMBER 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016</u>
REVENUE				
Grants and fees	\$ -	\$ 1,348,496	\$ 1,348,496	\$ 1,270,106
Contributions	2,759	-	2,759	17,106
Interest income	189	-	189	528
Other	111,636	-	111,636	117,000
Net assets released from restrictions	1,530,034	< 1,530,034 >	-	-
Total revenues	<u>1,644,618</u>	<u>< 181,538 ></u>	<u>1,463,080</u>	<u>1,404,740</u>
EXPENSES				
Salaries	923,850	-	923,850	856,503
Fringe benefits	211,720	-	211,720	167,029
Travel	78,677	-	78,677	71,087
Litigation expense	23,909	-	23,909	33,803
Occupancy expense	68,880	-	68,880	124,600
Office expense	119,336	-	119,336	86,255
Postage	3,023	-	3,023	5,639
Professional fees	15,217	-	15,217	14,732
Training	14,677	-	14,677	15,932
Vehicle expense	4,986	-	4,986	6,108
Depreciation	21,017	-	21,017	21,682
Other	12,487	-	12,487	14,227
Total expenses	<u>1,497,779</u>	<u>-</u>	<u>1,497,779</u>	<u>1,417,597</u>
Increase <decrease > in net assets	146,839	< 181,538 >	< 34,699 >	< 12,857 >
Net assets, beginning of year	<u>1,381,249</u>	<u>419,663</u>	<u>1,800,912</u>	<u>1,813,769</u>
Net assets, end of year	<u>\$ 1,528,088</u>	<u>\$ 238,125</u>	<u>\$ 1,766,213</u>	<u>\$ 1,800,912</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

STATEMENT OF CASH FLOWS

For the year ended DECEMBER 31, 2017

**SUMMARIZED
COMPARATIVE
INFORMATION
For the year ended
December 31, 2016**

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <decrease> in net assets	\$ < 34,699>	\$ < 12,857>
Adjustments to reconcile increase <decrease> in net assets to net cash provided by <used in> operating activities:		
Depreciation	21,017	21,682
<Gain> loss on disposal of equipment	1,530	-
Unrealized <appreciation> depreciation of investments	<189>	-
Changes in assets and liabilities:		
<Increase> decrease in grant receivable	< 92,501>	-
<Increase> decrease in other receivable	< 87,977>	< 3,873>
Increase <decrease> in accounts payable and accrued liabilities	9,217	< 24,400>
Increase <decrease> in pension contribution payable	<u>15,844</u>	<u>< 16,424></u>
Net cash provided by <used in> operating activities	<u>< 167,758></u>	<u>< 35,872></u>
Cash flows from investing activities:		
Proceeds from sale of equipment	14,042	-
Proceeds from sale of investment	350	-
Purchase of investments	-	< 227>
Purchase of transportation equipment	<u>< 17,980></u>	<u>< 20,020></u>
Net cash provided by <used in> investing activities	<u>< 3,588></u>	<u>< 20,247></u>
Net increase <decrease> in cash and cash equivalents	< 171,346>	< 56,119>
Cash and cash equivalents, beginning of year	<u>898,998</u>	<u>955,117</u>
Cash and cash equivalents, end of year	<u>\$ 727,652</u>	<u>\$ 898,998</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CRISIS ASSISTANCE CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

The Louisiana Crisis Assistance Center is a nonprofit organization committed to provide quality legal representation of indigent people facing the death penalty in Louisiana.

2. Financial Statement Presentation

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

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 organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets.

3. Revenue Recognition

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as “net assets released from restrictions”.

Grant revenue is recognized as it is earned in accordance with approved contracts.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due from governmental agencies and government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. Investments

Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains or losses are included in the change in net assets.

6. Property, Building and Equipment

The Louisiana Crisis Assistance Center records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2017 totaled \$21,017.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

7. Cash equivalents

For purposes of the statement of cash flows, the corporation considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

8. 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 these estimates.

9. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Functional Allocation of Expenses

The expenses of providing the program and other activities have been summarized on a functional basis in Note 11. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

11. Subsequent Events

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (May 22, 2018).

12. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - INVESTMENTS

Investments, cost and approximate market value at December 31, 2017, consist of the following:

	Fair Market Value	Cost
Money market fund	\$ 606,416	\$ 606,416

NOTE C - GRANT RECEIVABLE

Grant receivable at December 17, 2017 consists of the following:

State of Louisiana - Public Defender Board	<u>\$ 92,501</u>
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LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE D – LAND, PROPERTY, AND EQUIPMENT

Land, property and equipment at December 31, 2017 consist of the following:

Building	\$ 95,426
Building improvements	346,562
Equipment	49,260
Transportation equipment	<u>24,357</u>
	515,605
Less accumulated depreciation	<u>< 265,617 ></u>
	249,988
Land	<u>60,000</u>
	\$ 309,988

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 consist of the following:

State of Louisiana – Public Defender Board	<u>\$ 238,125</u>
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NOTE F – INCOME TAXES

The Louisiana Crisis Assistance Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Louisiana Crisis Assistance Center has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Louisiana Crisis Assistance Center does not believe its financial statements include any uncertain tax positions.

NOTE G - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2017.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE H – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2017 consist of the following:

Program services	
Indigent defense services	\$ 1,300,070
Supportive services	
Management and general	<u>197,709</u>
Total expenses	<u>\$ 1,497,779</u>

NOTE I – FAIR VALUE MEASUREMENT

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	<u>\$ 606,416</u>	<u>\$ 606,416</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

NOTE J – RETIREMENT PLAN

The Corporation sponsors a defined contribution pension plan covering all employees. The corporation decides the amount, if any, to contribute each year based on a percentage of annual compensation. The percentage for the year ended December 31, 2017 was 10%, 5% based on a certain number of years of service, an increase of five percentage points from the prior year. The pension expense for the year ended December 31, 2017 totaled \$45,604.

LOUISIANA CRISIS ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE K - CONCENTRATION OF CREDIT RISK

As of December 31, 2017, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,336,732
Less: FDIC insurance	< 250,000>
SPIC insurance	<u>< 500,000></u>
Unsecured balances	<u>\$ 586,732</u>

The Louisiana Crisis Assistance Center invests in money market funds. Investments are subject to various risks; such as interest rate, credit and overall market volatility risk.

The grant receivable due from the State of Louisiana - Public Defender Board accounts for 100% of the total grant receivable.

NOTE L - COMMITMENTS

The corporation leased a program office in Shreveport, Louisiana under a month-to-month lease. The rental expense for the year ended December 31, 2017 totaled \$5,825.

NOTE M – ECONOMIC DEPENDENCY

The Louisiana Crisis Assistance Center received the majority of its revenue from funds provided by the State of Louisiana Public Defender Board. The contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was unaware of actions taken that would adversely affect the amount of funds the corporation will receive for the year 2018 contract.

The corporation's support through state contracts totaled 75% for the year ended December 31, 2017.

SUPPLEMENTAL SCHEDULE

LOUISIANA CRISIS ASSISTANCE CENTER
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the year ended December 31, 2017

Agency Head Name: Richard J. Bourke

<u>Purpose</u>	<u>Amount</u>
Compensation	\$ 113,707
Benefits - hospitalization and dental	13,444
Benefits - retirement	11,371
Benefits - disability	693
Parking expense	2,168
Travel - legal cases	3,928
Continuing professional education fees and bar dues	1,868
Reimbursements - miscellaneous	183

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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

Board of Directors
Louisiana Crisis Assistance Center

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 Crisis Assistance Center (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Crisis Assistance Center'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 Louisiana Crisis Assistance Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Crisis Assistance Center'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 the 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 Louisiana Crisis Assistance Center's financial statements are free of 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana
May 22, 2018

Justin J. Scullen, CPA, LLC

LOUISIANA CRISIS ASSISTANCE CENTER
SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2017

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant deficiencies for the year ended December 31, 2017.

B. COMPLIANCE AND OTHER MATTERS

There were no compliance and other matters noted for the year ended December 31, 2017.

C. QUESTIONED COSTS

There were no questioned costs for the year ended December 31, 2017.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

**LOUISIANA CRISIS ASSISTANCE CENTER
STATEWIDE AGREED-UPON PROCEDURES**

For the year ended December 31, 2017

Justin J. Scanlan, C.P.A., L.L.C.

A LIMITED LIABILITY COMPANY

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Louisiana Crisis Assistance Center
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Louisiana Crisis Assistance Center and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ended December 31, 2017. The Louisiana Crisis Assistance Center's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated results are as follows:

Written Policies and Procedures

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.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit card, 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.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result

The Contracting Policy does not specify when the Board of Director's approval is required; i.e., no dollar threshold is stated in the Contracting Policy.

Board (or Finance Committee, if applicable)

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.
- 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.

- 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.

No exceptions were noted.

Bank Reconciliations

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

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). 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
- 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.

Results

While the bank reconciliations are prepared by a third party, there is no evidence that management reviewed the bank reconciliations. The operating bank reconciliation has checks over one year old totaling \$2,083. These checks should be voided in the future.

Collections

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

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). 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 cash in the bank, recording the related transaction, or reconciling the related bank account collected, recording related transactions 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.

- 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.
- 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 collection location.
 - 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.

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, and agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Note

The collection procedures are not applicable. The organization receives electronic transfers from its grantor. The primary grantor is the state government.

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

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.

Using the disbursement population from the paragraph 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and /or purchase order, or electronic equivalent; as receiving report showing the receipts of goods purchased, or electronic equivalent ; and an approved invoice.

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.

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.

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.

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.

Note

The organization does not use a signature stamp.

No exceptions were noted.

Credit Cards

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.

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.

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

Using the monthly statements or combined statements selected, 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., identified precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- 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.

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

Results

No exceptions were noted.

Travel and Expense Reimbursement

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.

Obtain the entity's written policies related to travel and expense reimbursements. Compare 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.

Using the listing or general ledger, 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 and report each reimbursement that exceeded those rates.
- 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 individual participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

No exceptions were noted.

Contracts

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.

Using the listing above, select the five contact "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payment 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.
- 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).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

- 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.
- 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.
- 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).

Result

Since there are no outside contracts, these procedures were deemed not applicable.

Payroll and Personnel

Obtain a listing of the 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) 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.
- 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.

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

- 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.

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 termination payments were made in strict accordance with policy and/or contract and approved by management.

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.

No exceptions were noted.

Ethics

Non-profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

Debt Service

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

Other

Inquire of management whether the entity had any misappropriation 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 district attorney of the parish in which the entity is domiciled.

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

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.

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 control and compliance areas identified in the State Agreed-Upon Procedures. 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 control and compliance areas identified in the State Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
March 22, 2018

Louisiana
Capital
Assistance
Center

A Non-Profit Law Office

RESPONSE TO STATEWIDE AGREED-UPON PROCEDURES

Written Policies and Procedures Result:

The Contracting Policy does not specify when the Board of Director's approval is required; i.e., no dollar threshold is stated in the Contracting Policy

LCAC's Response:

The Board will develop a policy regarding the limit on contracting authority as recommended.

Bank Reconciliations Result:

While the bank reconciliations are prepared by a third party, there is no evidence that management reviewed the bank reconciliations. The operating bank reconciliation has checks over one year old totaling \$2,083. These checks should be voided in the future.

LCAC's Response:

Management internally reconciles monthly to verify all transactions are valid via bank statements. We will review and sign off on the monthly bank reconciliations in order to comply with the new AUP'S and all outstanding checks older than six months will be voided.