

VITA

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS**

Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Instructors Teaching Adults, Inc.
Lafayette, Louisiana

We have audited the accompanying financial statements of Volunteer Instructors Teaching Adults, Inc. (VITA) (a nonprofit corporation), which comprise the statement of financial position as of June 30, 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

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 of 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 VITA as of June 30, 2017, and the changes in 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 Matters

Other Information - Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* and the Schedule of Compensation, Benefits & Other Payments to Agency Head or Chief Executive Officer 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 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 November 3, 2017, on our consideration of VITA'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 VITA's internal control over financial reporting and compliance.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
November 3, 2017

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INDEPENDENT AUDITORS' 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
Volunteer Instructors Teaching Adults, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volunteer Instructors Teaching Adults, Inc. (VITA) (a nonprofit corporation), which comprise the statement of financial position as of June 30, 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 there on dated November 3, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered VITA'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 VITA's internal control. Accordingly, we do not express an opinion on the effectiveness of VITA'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 over financial reporting 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 VITA'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 *Governmental Auditing Standards*.

Purpose of the 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 VITA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VITA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
November 3, 2017

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

CURRENT ASSETS:

Cash - Checking and Savings	\$ 844,201
Grants Receivable	<u>106,534</u>

TOTAL CURRENT ASSETS	950,735
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PLANT AND EQUIPMENT:

Furniture & Equipment	123,810
Accumulated Depreciation	<u>(104,247)</u>

TOTAL PLANT AND EQUIPMENT, NET	<u>19,563</u>
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TOTAL ASSETS	<u>\$ 970,298</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 3,276
Accrued Payroll Liabilities	6,545
Deferred Revenue - Grants	<u>53,337</u>
TOTAL LIABILITIES	<u>63,158</u>

NET ASSETS:

Unrestricted:	
Operating	824,380
Plant and Equipment	<u>19,563</u>
Total Unrestricted	843,943

Temporarily Restricted	63,197
Permanently Restricted	-
TOTAL NET ASSETS	<u>907,140</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 970,298</u>
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The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

SUPPORT AND REVENUE

Contributions	\$ 5,330
Grants	598,736
Donated Services and Facilities	54,027
Investment Income	58
Other Income	120

TOTAL SUPPORT AND REVENUE 658,271

EXPENSES

Advertising, including donated (19,200)	25,224
Bank Charges	257
Banquet Expense	4,528
Computer and Web Expenses	12,806
Contract Services	4,963
Depreciation	11,721
Professional Services, including donated (7,840)	22,780
Dues and Fees	1,782
Employee and Board Meetings	2,664
Insurance	26,590
Miscellaneous	259
Office	6,615
Postage	668
Printing, including donated (400)	1,576
Rent, including donated (26,587)	89,550
Repairs and Maintenance	2,677
Salaries and Compensated Absences	338,947
Taxes - Payroll	25,969
Telephone & Utilities	5,933
Training Material and Activities	22,747
Travel, Conferences, Staff Training	12,135
Tutor Training	118

TOTAL EXPENSES 620,509

INCREASE IN NET ASSETS \$ 37,762

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets - Increase	\$ 37,762
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	11,721
Decrease (Increase) in Grants Receivable	(6,692)
Increase (Decrease) in Accounts Payable	1,045
Increase (Decrease) in Accrued Payroll Liabilities	(675)
Increase (Decrease) in Deferred Revenue	<u>(1,096)</u>
 Total Adjustments	 <u>4,303</u>
 Net Cash Provided (Used) by Operating Activities	 <u>42,065</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to Property and Equipment	(5,961)
Acquisition (Redemption) & Gain (Loss) on Investments	<u>442</u>
 Net Cash (Used) by Investing Activities	 <u>(5,519)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
 Net Cash (Used) by Financing Activities	 <u>-</u>
 Net Increase (Decrease) in Cash	 36,546
 Beginning Cash Balance	 <u>807,655</u>
 Ending Cash Balance	 <u><u>\$ 844,201</u></u>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES</u>
Advertising, including donated	25,224	-	25,224
Bank Charges	257	-	257
Banquet Expense	3,849	679	4,528
Computer & Web Expenses	11,525	1,281	12,806
Contract Services	4,219	744	4,963
Depreciation	9,963	1,758	11,721
Professional Services, including donated	19,363	3,417	22,780
Dues and Fees	1,515	267	1,782
Employee and Board Meetings	2,264	400	2,664
Insurance	22,602	3,989	26,590
Miscellaneous	220	39	259
Office	5,623	992	6,615
Postage	568	100	668
Printing, including donated	1,340	236	1,576
Rent, including donated	80,595	8,955	89,550
Repairs and Maintenance	2,275	402	2,677
Salaries and Compensated Absences	284,217	54,730	338,947
Taxes - Payroll	19,323	6,646	25,969
Telephone & Utilities	5,043	890	5,933
Training Material and Activities	22,747	-	22,747
Travel, Conferences, Staff Training	12,135	-	12,135
Tutor Training	118	-	118
TOTAL EXPENSES	\$ 534,984	\$ 85,525	\$ 620,509

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

VITA is a nonprofit community-based educational organization founded in May 1982 for the purpose of providing free educational and literacy services in the Lafayette & Opelousas area to individuals (age 17 or over) whose English reading skills are very limited. The English as a Second Language (ESL) portion of VITA teaches a diverse student population with a number of native languages. Specially trained volunteers who can teach reading, writing, and English speaking skills provide goal-oriented tutoring, e.g. High School Equivalency Test (HiSET) instruction. Individual and small group tutoring sessions are held for a minimum of 2 hours twice each week in community locations at a time and place convenient to both tutors and students. VITA provides the professional training, materials and support that enable the volunteers to be effective tutors. Primary funding is provided by annual grants from the Louisiana Community & Technical College System through federal and state adult education money available under the Workforce Investment Act of 1998. In September 2008, VITA assumed responsibility for the St. Landry Parish Adult Education program. Through partnership with South Louisiana Community College (SLCC), VITA enrolled students in the Opelousas/Eunice area, conducting classes at either the Opelousas T. H. Harris campus or Eunice Junior High School. VITA governance is maintained by a 17 member Board of Directors, which hires and provides oversight of the Executive Director. The Board is very active in oversight duties and meets monthly to monitor the budget, program activities, etc.

Financial Statement Presentation

The Board of Directors adopted provisions of No. 116 (now FASB-ASC 958), **Accounting for Contributions Received and Contributions Made** and No. 117, **Financial Statements of Not-for-Profit Organizations** as of April 1, 1995. Statement of Financial Accounting Standards No. 116 requires the Board to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

Estimates

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

Income Taxes

The organization qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. VITA files an annual 990 tax return for the fiscal year ended June 30th in the U.S. federal jurisdiction. VITA has no unrelated business income and no tax liability. U.S. federal income tax returns prior to fiscal year June 30, 2014 are closed by statutes of limitations.

Property and Equipment

Property and equipment purchased is recorded at cost. The fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets; generally five to seven years.

Accrual Basis of Accounting

The books are routinely maintained on a cash basis and are converted to the accrual basis at year-end for these financial statements. Accrual basis accounting records revenue when earned rather than when received and records expenses when incurred rather than when paid, in accordance with U.S. generally accepted accounting principles.

Accounting for Restricted/Unrestricted Support

VITA reports gifts of cash and other assets as unrestricted support, even if they are received with donor stipulations that limit the use of the donated assets, if the restrictions are met in the reporting period. Since the majority of temporarily restricted grant funds are of a reimbursable nature, the purpose restriction has usually been met before the grant reimbursement is received.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116 (now FASB-ASC 958). In such cases, revenue is not recognized until the services required by the grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Cash Equivalents

For purposes of the statement of cash flows, VITA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Compensated Absences

Under SFAS 43 (now FASB ASC 710), an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is included in salaries and compensated absences expense. VITA policy does not allow unused compensated absences to carry over beyond the end of each calendar year. A liability for earned but unused compensated absences at June 30, 2017 has been recorded at \$4,661.

Note B – Federal, State and Local Financial Assistance and Grant Awards (Excludes Deferred Revenue)

Federal Funds

Department of Education (CFDA #84.002A)	\$	<u>331,894</u> *
Total Federal Funds		331,894

* Includes Adult Education, ESL, & Leadership awards.

State/Local Funds

Lafayette Consolidated Government	15,000
La. Comm. & Technical College System	<u>154,905</u>
Total State/Local Funds	169,905

Other

United Way (Acadiana & St. Landry/Evangeline)	70,937
Dollar General	10,000
Myers Foundation	1,000
Pugh Family Foundation	<u>15,000</u>
Total Other Awards	<u>96,937</u>
Total Grant Awards	\$ <u><u>598,736</u></u>

Note C – Contributed Services & Facilities (In-Kind)

Contributed services of volunteers are recognized in the statement of activities if the services received:

- (a) Create or enhance non-financial assets (land, building, etc.); or
- (b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Amounts meeting these criteria have been recognized in the following areas:

Donated advertising	\$ 19,200
Donated rent (Lafayette and St. Landry)	26,587
Donated professional (legal, accounting & computer tech)	7,840
Donated printing	400
TOTAL	<u>\$ 54,027</u>

Note D – Volunteer Tutors

The value of donated services from volunteer tutors is not recognized in the financial statements. Approximately 80 volunteer tutors donated 21,804 hours of time in tutoring 859 students, (508 in Lafayette and 351 in St. Landry) in the various literacy programs in Lafayette and St. Landry. Because these donated services do not meet the criteria as described in Note C, they are not recorded in the financial statements.

Note E – Subsequent Events

Subsequent to the balance sheet date of June 30, 2017, but prior to the issuance of this report, VITA has received several grant award notification letters from its cognizant agency, the Louisiana Community and Technical College System. The total federal and state funds awarded for the 2017-2018 fiscal year are \$435,515, which is about \$7,000 below the 2016-2017 funding level. The federal ESL grant was not awarded for the 2017-2018 fiscal year.

United Way of Acadiana's grant award for the remaining 2017 calendar year is \$21,713, and \$2,500 for St. Landry/Evangeline United Way. These figures are reflected in "deferred revenue" on the balance sheet. The United Way funding levels for 2018 and thereafter are not available at this time. For the 2017-2018 fiscal year, Dollar General was once again awarded a \$10,000 grant.

Subsequent events were evaluated through November 3, 2017, which is the date the financial statements were available to be issued.

Note F – Lease Commitments

VITA rents the St. Landry space on a month-to-month basis for a total amount of \$1,950 per year, payable in three installments of \$650 due September 30th, February 28th, and June 30th of each respective calendar year.

VITA negotiated and signed a three-year lease for the Lafayette office with Pecan Grove Commercial Properties LLC, with the lease commencing on September 1, 2015 and expiring on September 1, 2018. On December 12, 2016, Ye Olde College Inn, Inc. purchased the property from Pecan Grove Commercial Properties LLC and the previously executed 3-year lease with Pecan Grove Commercial Properties LLC was assigned to new owner. Base rent for the main space occupied by VITA (3,754 square feet) is \$11.00 per square foot for the 1st year, \$11.50 for the 2nd year, and \$12 per square foot for the 3rd year. The additional classroom square footage (1,721) is assessed at a rate of \$10.00, \$10.50, and \$11.00 per square foot for the respective three years of the lease. These rates of \$10-\$12 are discounted from the \$16 fair market value rent for the building's commercial tenants.

The donated portion of both the office space and computer lab in Lafayette and the space in Opelousas is recorded in the line item "donated services and facilities" in the Statement of Activities. The rent expense line item reflects total rent (including the donated portion) as if the fair market value (\$16 per square foot) had been paid. See footnote C for further explanation of the proper accounting of donated services and facilities.

Scheduled payments under current lease obligations:

Year Ended June 30,	<u>Lafayette</u>	<u>St. Landry</u>
2018	61,013	1,950
2019*	63,751	1,950
2019	--	--
2020	--	--
2021	--	--
	<u>\$ 124,764</u>	<u>\$ 3,900</u>

* The Lafayette office's current lease expires September 2018 and has not been renegotiated at this time. Rates are expected to increase, but the exact amount is not currently known.

Note G – Grants Receivable on 2016-2017 grant periods that extend past June 30, 2017:

LCTCS (Adult Basic Education) – Federal & State	74,948
LCTCS (ESL)	6,858
Lafayette Consolidated Government	516
United Way – Acadiana	21,713
United Way – St. Landry/Evangeline	<u>2,500</u>
Total	<u>\$ 106,535</u>

Note H – Major Grantor/Concentration

For the year ended June 30, 2017, VITA had two major grantors, support from which was approximately 93% of total cash support/revenues. Support from these agencies was \$557,736 for the year ended June 30, 2017. These grantors are the Louisiana Community & Technical College System (includes U.S. Dept. of Education), United Way of Acadiana and St. Landry-Evangeline United Way.

Note I – Donated Tutor Sites

The value of approximately 60 free tutoring sites at libraries, recreation buildings, offices, schools, churches, etc. is not recognized in the financial statements. Because these donated sites do not meet the criteria as described in Note C, they are not recorded in the financial statements, but they provide a vital free service to VITA's tutoring programs in Lafayette and Opelousas.

Note J – Client Services Provided

For the year ended 6/30/2017, VITA provided 41,845 hours of tutoring and classroom hours to 859 students in the Lafayette and Opelousas areas. These clients are from diverse backgrounds with eleven different native languages.

Concluded

SUPPLEMENTAL INFORMATION

**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.
SUMMARY OF AUDITORS' RESULTS:**

Year Ended June 30, 2017

Type of Auditor's Report: *Unqualified*

Report on Compliance and Controls: *Unqualified*

Material Noncompliance: *None*

Internal Control Over Financial Reporting -

- **Material Weakness Identified:** *None*
- **Significant Deficiency Identified:** *None*

**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.
SCHEDULE A – EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/ Program & Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity ID Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:			
<i><u>Passed through Louisiana Community & Technical College System -</u></i>			
Adult Basic Education	84.002A	N/A	\$286,464
ESL/Civics Education	84.002A	N/A	\$ 41,150
Leadership/Supplemental	84.002A	N/A	<u>\$ 4,280</u>
<i>Total Grants Passed through Louisiana Community & Technical College System</i>			\$331,894
Total Federal Awards			<u>\$331,894</u>

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**SCHEDULE B – SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
AND RELATED CORRECTIVE ACTION**

Year Ended June 30, 2017

PRIOR YEAR FINANCIAL STATEMENT FINDINGS:

QUESTIONED COSTS:

NONE

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**SCHEDULE C- SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
AND RELATED CORRECTIVE ACTION**

Year Ended June 30, 2017

CURRENT YEAR FINANCIAL STATEMENT FINDINGS: QUESTIONED COSTS:

NONE

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**SCHEDULE D – SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Year Ended June 30, 2017

Agency Head Name: Jennifer Burris – *Executive Director (January 4, 2017 – June 30, 2017)* *

<u>Purpose</u>	<u>Amount</u>
Salary (1/4/2017-6/30/2017)	\$ 26,538.75
Per Diem	\$ 358.00
Travel	\$ 187.25

* The prior executive director, Joseph Cilano resigned May 23, 2016 and was not replaced by the current director until January 2017.

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VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC. (VITA)
AGREED-UPON PROCEDURES REPORT

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2017

To the Board of Directors
Volunteer Instructors Teaching Adults, Inc. (VITA)
Lafayette, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of VITA is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of VITA and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about VITA's compliance with certain laws and regulations during the year ended June 30, 2017.

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

The procedures and associated findings are as follows:

General

Written Policies and Procedures - VITA has written policies and procedures drafted and officially adopted in May 2017 for its handling of various AUPs, namely (1). cash including reconciliations, deposits, and disbursements, (2). purchasing, (3). credit cards, (4). travel and expense reimbursements, (5). payroll/personnel. Prior to the formalization of these procedural guidelines and policies, VITA had adopted most of these procedures de facto. Also in the process of being written are policies and procedures that specifically pertain to VITA's budget.

The above-referenced policies and procedures were carefully reviewed to determine if they addressed the issues and concerns detailed in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures. Our conclusion is that these procedural guidelines are sufficiently detailed and specifically address such major areas as – business purpose, proper approval, required documentation, and proper management of funds. VITA is continually modifying these written policies as needed with board input and support to better ensure AUP compliance.

Due to the inapplicability of debt service and no bid contracts to VITA's operations, policies and procedures have not been drafted in these specific AUP areas.

VITA's Board – For the fiscal year ended June 30, 2017, VITA's board met monthly - ten out of the twelve months. Monthly board minutes were carefully reviewed to determine if the board adheres to VITA's adopted by-laws. All board minutes for the fiscal period were approved and included financial statements – the Statement of Financial Position, the Statement of Activities, as well as an actual vs. budgeted comparative expenditure report. VITA's board is actively involved in the internal operations of the organization, as evidenced by the board's meeting attendance records.

Cash

Bank Reconciliations – All monthly bank reconciliations for VITA's major operating account were carefully reviewed to check for unusual transactions and to determine compliance with VITA's written bank reconciliation policies and procedures. All bank reconciliation were reviewed and approved by the Executive Director. No uncleared checks over 60 days old were listed on the June 30, 2017 operating account's bank reconciliation.

Formal procedures have also been established for the handling of petty cash. The petty cash requisition forms, reconciliations, and the general ledger detail were all cross-referenced for accuracy and procedural compliance.

Collections – *(not applicable since VITA does not have any trade accounts receivable)*

Deposits – VITA has written procedural guidelines for the handling of cash receipts/deposits. Grants generate the largest source of revenue and all transactions and activities relating to the grants were reviewed and analyzed as part of VITA's audit for the fiscal year ended June 30, 2017.

Disbursements – VITA also has detailed policies and procedures in place to handle all cash disbursements. A thorough review of their procedures, including a random sampling of written and electronic check transactions was performed as part of the VITA audit for the fiscal year ended June 30, 2017. All sampled transactions were approved and had the necessary documentation as mandated by VITA's Cash Disbursement AUP.

Credit Cards

VITA has only two VISA credit cards, one issued in the Executive Director's name and the other, the Office Manager. These cards are kept in a secure, locked location and a log is used to monitor usage. Card use is restricted for travel, online purchases of educational material and supplies, and purchase of office equipment.

The monthly statements for these cards and a monthly sampling of charges were reviewed to evaluate business purpose, payment history, and conformance with policy and procedures regarding the approval and documentation process.

All monthly statements were approved and reconciled by the Executive Director with all transactions having a supporting invoice or payment verification, which is a requirement detailed in VITA's written policy.

Travel and Expense Reimbursements

VITA's expense reimbursements in the fiscal year ended June 30, 2017 were mostly incurred due to employee mileage payments for travel to VITA's Opelousas location and to meetings with grantors. As detailed in their policies and procedures, employees are paid the IRS mileage rate for business-related travel.

All of VITA's travel and expense reports were compared to the general ledger and a sampling of the largest charges were evaluated to determine business purpose, proper approval, and compliance with VITA's written policies and procedures. In situations where a per diem allowance was issued for meals due to travel for out of town conferences, follow-up expense reports were not always filed to reconcile advances to actual expenditures. Nonetheless, supporting documentation, namely prior approval and invoices were provided. The dollar amount of these three per diem transactions is less than \$1,000 in total.

Contracts

VITA has only one contractual agreement, which was in effect during the fiscal year ended June 30, 2017. This 3-year contract is with its Lafayette lessor, Ye Olde College Inn, Inc. to lease 5,475 of office space with the lease running from September 1, 2015 to August 30, 2018. When the property was sold in December 2016, the contract was amended to assign the lease to the new and current owner, Ye Olde College Inn, Inc. A copy of the original and amended lease, as well as all supporting documentation, correspondence and pertinent board action is on file.

Since VITA has no contracts subject to the Louisiana Public Bid Law and Procurement Code, this section of the AUPs is not applicable and no policies and procedures are in place to address this specific area.

Payroll and Personnel

VITA has well documented procedural steps for processing payroll and payroll liabilities. All payroll tax payments were reconciled with the payroll module and the general ledger. For the fiscal year ended June 30, 2017, VITA had no delinquent payroll tax payments.

On January 1, 2017, VITA began accruing sick and vacation time at the rate of 40 and 80 hours per year, respectively (based on a 40 hour work week). VITA's policy regarding sick and vacation leave is well documented in their employee handbook.

Time sheets and leave requests were randomly selected for two employees (15-17 total employees) and were reviewed to determine if compensation was calculated correctly given their current pay structure. Also evaluated were leave requests to determine if proper approval was given and the available leave time was adjusted to accurately reflect leave earned and used during the fiscal year.

Based on the sampling of VITA's payroll and personnel data, all employees were paid based on their compensation structure, and the handling of leave requests followed the policies and procedures documented by VITA. A final payment to an employee terminated during this fiscal period, also complied with the procedural guidelines detailed by VITA. The only area of corrective action is the better documentation of pay increases and/or bonuses in personnel files.

Budget

VITA did prepare a budget for the fiscal year ended June 30, 2017 and all actual monthly expenditures were compared to the budgeted amounts. This comparative report was presented to the board every month as a financial attachment to the board minutes and financial outliers were discussed in the monthly board meeting and noted accordingly in the minutes. In drafting VITA's policies and procedures pertaining to the budget, financial parameters may be established for future review of specific budget line items.

Debt Service (not applicable)

For the year ended June 30, 2017, VITA had no outstanding notes, or amortizable debt. Since its inception in 1982, VITA has not relied on external debt sources to fund its operations. Hence, this AUP is not applicable to VITA.

Ethics (not applicable to nonprofits)

VITA had no know ethics violations and misappropriation of funds or assets during the fiscal year ended June 30, 2017.

Suggestive Areas of Improvement

- Finalize written policies and procedures for budgeting
- Obtain expense reports for all per diem travel (meal advance payments)
- Document pay increases and bonuses in personnel folder

We are not engaged to perform and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in black ink, appearing to read "L. Rolfes II", with a long horizontal flourish extending to the right.

Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
May 20, 2018