

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(With Independent Auditor's  
Report Thereon)**

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**

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Independent Auditors' Report

To the Board of Directors  
Bossier Office of Community Services, Inc.  
Bossier City, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Bossier Office of Community Services, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses 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 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 Bossier Office of Community Services, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements of Bossier Office of Community Services, Inc. as a whole. The statement on page 29 of this report is presented for purposes of additional analysis and is not a required part of these financial statements. 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 Requirements for Federal Awards* is presented for purposes of additional analysis and is also 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 October 30, 2020, on our consideration of Bossier Office of Community Services, Inc.'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 solely 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 the effectiveness of Bossier Office of Community Services, Inc.'s 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 Bossier Office of Community Services Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large initial "T" and a prominent "L".

Houston, Texas  
October 30, 2020

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Financial Position

December 31, 2019

Assets

Current assets:	
Cash	\$ 463,644
Certificate of deposit	7,673
Grants receivable	265,057
Total current assets	<u>736,374</u>
Property and equipment:	
Land and land improvements	112,364
Buildings	851,875
Vehicles	716,183
Total property and equipment	<u>1,680,422</u>
Less accumulated depreciation	<u>1,287,717</u>
Net property and equipment	<u>392,705</u>
Total assets	<u>\$ 1,129,079</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 69,676
Accrued payroll related liabilities	86,996
Deferred revenues	-
Total liabilities - current	<u>156,672</u>
Net assets:	
Without donor restrictions	707,350
With donor restrictions	265,057
Total net assets	<u>972,407</u>
Total liabilities and net assets	<u>\$ 1,129,079</u>

See accompanying notes to financial statements.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**

**Statement of Activities**

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Federal grant funds	\$ -	\$ 4,189,450	\$ 4,189,450
Interest income	80	-	80
Other income	<u>262,648</u>	<u>-</u>	<u>262,648</u>
	262,728	4,189,450	4,452,178
In-kind income	<u>-</u>	<u>145,020</u>	<u>145,020</u>
	262,728	4,334,470	4,597,198
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>4,664,874</u>	<u>(4,664,874)</u>	<u>-</u>
Total revenues and other support	<u>4,927,602</u>	<u>(330,404)</u>	<u>4,597,198</u>
Expenses:			
Program Expenses:			
Head Start	2,664,230	-	2,664,230
Early Head Start	485,139	-	485,139
Food Service	490,989	-	490,989
Community Services Block Grant I	68,371	-	68,371
Community Services Block Grant II	251,053	-	251,053
Low Income Home Energy Assistance Program	96,542	-	96,542
Community Development Block Grant	<u>14,737</u>	<u>-</u>	<u>14,737</u>
Total program expenses	4,071,061	-	4,071,061
General and administrative expenses	<u>362,309</u>	<u>-</u>	<u>362,309</u>
Total expenses	<u>4,433,370</u>	<u>-</u>	<u>4,433,370</u>
Change in net assets	494,232	(330,404)	163,828
Net assets at beginning of year	213,118	595,461	808,579
Net assets at end of year	<u>\$ 707,350</u>	<u>\$ 265,057</u>	<u>\$ 972,407</u>

See accompanying notes to financial statements.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**

**Statement of Functional Expenses**

Year ended December 31, 2019

	Program Services							General and Administrative	Total
	Head Start	Early Head Start	Food Service	CSBG I	CSBG II	LIHEAP	CDBG		
Salaries and related expenses:									
Salaries and wages	\$ 1,514,736	\$ 263,004	\$ 142,128	\$ 36,606	\$ 142,369	\$ 53,145	\$ 8,186	\$ 273,191	\$ 2,433,365
Payroll taxes and fringe benefits	402,657	101,523	43,191	20,845	47,971	20,141	1,301	79,756	717,385
Total salaries wages and benefits	<u>1,917,393</u>	<u>364,527</u>	<u>185,319</u>	<u>57,451</u>	<u>190,340</u>	<u>73,286</u>	<u>9,487</u>	<u>352,947</u>	<u>3,150,750</u>
Expenses:									
Food services	938	290	255,504	-	-	-	-	-	256,732
Supplies	118,645	34,400	40,152	930	3,806	1,556	-	-	199,489
Accounting and auditing expenses	13,620	5,115	1,705	3,000	7,230	1,811	-	-	32,481
Consulting services	5,624	1,631	-	-	-	-	-	-	7,255
Telephone and utilities	104,039	21,560	-	1,199	4,144	1,903	-	-	132,845
Insurance	116,601	15,797	-	-	15,547	3,109	-	-	151,054
Rent expense	139,356	5,664	-	-	-	-	-	-	145,020
Repairs and maintenance	53,085	17,783	4,837	1,182	5,204	3,399	5,250	-	90,740
Travel	94,219	-	2,525	2,766	6,852	1,850	-	-	108,212
Training and development	48,919	9,236	-	-	-	-	-	-	58,155
Direct assistance program	-	-	-	-	13,849	6,639	-	-	20,488
Other expenses	2,095	-	947	1,843	4,081	2,989	-	6,143	18,098
Total expenses before depreciation	<u>2,614,534</u>	<u>476,003</u>	<u>490,989</u>	<u>68,371</u>	<u>251,053</u>	<u>96,542</u>	<u>14,737</u>	<u>359,090</u>	<u>4,371,319</u>
Depreciation expense	49,696	9,136	-	-	-	-	-	3,219	62,051
Total expenses	<u>\$ 2,664,230</u>	<u>\$ 485,139</u>	<u>\$ 490,989</u>	<u>\$ 68,371</u>	<u>\$ 251,053</u>	<u>\$ 96,542</u>	<u>\$ 14,737</u>	<u>\$ 362,309</u>	<u>\$ 4,433,370</u>

See accompanying notes to the financial statements.



**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**

**Statement of Cash Flows**

Year ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 163,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	62,051
Increase in value of certificate of deposit	(27)
(Increase) decrease in operating assets:	
Grants receivable	(115,075)
Increase (decrease) in operating liabilities:	
Accounts payable	(67,621)
Accrued payroll related liabilities	11,845
Deferred revenues	(127)
Net cash provided by operating activities	<u>54,874</u>
Cash flows from investing activities:	
Acquisition of capital assets	<u>(12,050)</u>
Net cash used in investing activities	<u>(12,050)</u>
Cash flows from financing activities	-
Net increase in cash	42,824
Cash at beginning of year	<u>420,820</u>
Cash at the end of year	<u>\$ 463,644</u>

See accompanying notes to financial statements.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

ORGANIZATION AND PROGRAM DESCRIPTION -

Bossier Office of Community Services, Incorporated (BOCS) is a private nonprofit corporation established under the laws of the State of Louisiana. The corporation is organized to operate a Community Services Program in and for Bossier Parish, Louisiana. Specifically, the corporation is organized to:

- A. serve as the official anti-poverty agency in Bossier Parish, Louisiana;
- B. create, plan, develop, implement, conduct and administer programs according to Federal rules, regulations and guidelines that involve the maximum participation of the community served;
- C. ensure and provide affordable, safe, sanitary and decent housing to very low, low and moderate income residents of the State and expand economic development and home ownership opportunities for low and moderate income residents of the State;
- D. provide assistance and educational materials related to housing to very low, low and moderate income residents of the State;
- E. improvise and utilize all community resources both public and private in an organized approach on eliminating poverty.

Bossier Office of Community Services Inc.'s operations are segregated into general grant programs as follows:

Head Start and Early Head Start Programs (HS and EHS) provides comprehensive educational and support services to low-income and disabled children zero to five years of age and children who have not reached the compensatory school age. This program provides health, mental health, nutrition, education and parent involvement services to children in an effort to enable the child to function at an optimum level in their environment. Funding is provided through federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (CACFP) provides a food service program in conjunction with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (CSBG) provides assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**  
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assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Transit Services provides transportation services to citizens in the urban and rural areas of Bossier Parish. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services, federal funds passed through the City of Bossier City, transit fares and other miscellaneous revenues.

Low-Income Home Energy Assistance Program (LIHEAP) provides assistance to low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

Reporting Entity - The governing body of Bossier Office of Community Services is its Board of Directors. The Board appoints an Executive Director to administer the affairs of the agency. BOCS is not considered a component of the city, parish or any governmental body. The governing board independently oversees the agency's operations.

- 1) The accompanying financial statements include all of the organization's programs, activities and functions of BOCS for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.
- 2) Some equipment is owned by BOCS while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds, therefore its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

**BASIS OF ACCOUNTING -**

Accounting Policies – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. BOCS uses the accrual basis of accounting.

Financial Statement Presentation – The financial statements are presented as recommended by Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*.

BOCS is required to report information regarding its financial statements and activities according to two classes of net assets as follows:

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**NOTES TO THE FINANCIAL STATEMENTS**  
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- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than BOCS'S mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue and Support – Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

BOCS reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets.

Property and Equipment – Property and equipment are recorded at costs unless donated. If donated, property and equipment are carried at the approximate fair value at the date of donation. It is BOCS's policy to capitalize property and equipment with a unit cost of \$5,000 or more. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulation regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

BOCS recognizes depreciation on its fixed assets in accordance with generally accepted accounting principles. The Federal government has a reversionary interest in property purchased with Federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source. Fixed assets are depreciated using the straight-line method.

BOCS's fixed assets are stated at cost and are depreciated as follows:

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<u>Fixed Asset</u>	<u>Useful Life</u>	<u>Method</u>
Furniture & Equipment	5 – 10 Years	Straight Line
Vehicles	5 -- 10 Years	Straight Line
Buildings	40 – 50 Years	Straight Line

Depreciation expense for the year ended December 31, 2019 totaled \$62,051.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, BOCS considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

Grants/Accounts Receivable, Accounts Payable and Accrued Expenses - The carrying amounts approximate fair value because of the short-term maturity of these instruments. Account receivable consists of grant and contribution agreements that were received during the calendar year and for which payment has not been received.

Revenue Recognition - BOCS accounts for contributions in accordance with FASB ASC 958-605, “Not-for-Profit Entities, Revenue Recognition” which supersedes SFAS No. 116, “Accounting for Contributions Received and Contributions Made”. Per FASB ASC 958-605, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

Contributions - BOCS accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. Per FASB ASC 958-605, contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**  
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Income Taxes – BOCS is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation.

BOCS had no unrelated business income during the year ended December 31, 2019; consequently, no provision for federal or state income taxes has been made in the accompanying financial statements. BOCS determined that it was not required to record a liability related to uncertain tax positions.

Functional Allocation of Expenses - The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement presents the natural classification detail of expenses by function for certain categories of expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statement reports certain categories of expenses that are attributed to one or more program or supporting function of BOCS. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and health benefits, which are allocated based on employees' actual time worked for each program.

Contributed Services – BOCS received donated services from a variety of unpaid volunteers assisting in its program services. No amounts for donated services have been recognized in the accompanying statements of activities since the criteria for recognition of such volunteer efforts under FASB ASC 985 has not been satisfied.

Pension Plan – A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001.

Fair Value Measurements

Generally Accepted Accounting Principles established a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which BOCS has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

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- \* quoted prices for similar assets or liabilities in active markets;
  - \* quoted prices for identical or similar assets in markets that are not active;
  - \* observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
  - \* inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, BOCS measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that BOCS is required to measure at fair value.

Donated Services - Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions of space, operating supplies, and expenses are recorded at their fair value when received.

Recently Implemented Accounting Pronouncements - In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets – those with restrictions and those without restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses. BOCS adopted ASU 2016-14 effective in fiscal year 2019. Accordingly, certain amounts previously reported for fiscal year 2018 were reclassified to conform to the fiscal year 2019 presentation.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of this standard are effective for fiscal years beginning after December 15, 2017 for public business entities and December 15, 2018 for all other entities and

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early adoption is permitted. BOCS has adopted ASU 2016-18 effective in fiscal year 2019 and there was no impact to the financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. This ASU is effective for annual periods beginning after June 15, 2018, including interim periods therein, and will be applied on a modified prospective basis. BOCS has adopted ASU 2018-08 effective in fiscal year 2019 and the impact was not material to the financial statements.

Recent Accounting Pronouncements to be Considered for Implementation - In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU requires that leases recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The provisions of this standard are effective for fiscal years beginning after December 15, 2021, as extended by ASU 2020-05 and early adoption is permitted. Management is currently assessing the potential effect of this ASU to the financial statements.

**NOTE 2. SHORT-TERM INVESTMENTS**

Short-term investments consist of the following at December 31, 2019:

Certificate of Deposit	<u>\$7,673</u>
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As noted, BOCS is required to report its fair value measurements in one to three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2019. All of BOCS short-term investments are measured using Level 1.

BOCS used the following ways to determine the fair value of its investments at December 31, 2019:

- **Certificates of deposit:** Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.



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**NOTE 3: LEASE COMMITMENTS**

Bossier Office of Community Services leases equipment under operating leases from various entities. No leases have initial or remaining non-cancelable terms in excess of one year. There were no minimum lease payments at December 31, 2019.

**NOTE 4: PENSION PLAN**

A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001. Employees with at least one year of service may contribute a portion of their wages to the plan. An amount equal to 5% of the total salary of eligible employees is contributed to the plan by BOCS.

The amount contributed by BOCS to retirement plans on behalf of the employees for the year ended December 31, 2019 was \$102,663.

**NOTE 5: COMPENSATED ABSENCES**

The personnel policy of BOCS provides for paid annual leave and/or vacation pay. The earned but unpaid amounts are recognized in the accounting period when actual payment is made.

**NOTE 6: CONCENTRATION OF CREDIT RISK AND MARKET RISK**

BOCS maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through December 31, 2019. As of December 31, 2019, BOCS did not have deposits in accounts in excess of FDIC insured limits.

BOCS received over 99% of its funding from Federal grants, with the Head Start program providing 80% of all grant revenues.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 2019, BOCS had no significant concentrations of credit risk in relation to grant receivables.

**NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects BOCS's financial assets of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position because of contractual obligations:

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**  
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	2019
Cash and cash equivalents	\$ 736,374
Less: cash for accounts payable and payroll liabilities	( <u>156,672</u> )
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 579,702</u>

Due to the nature of the BOCS's cash flow, it is customary for Operational funds to be obtained during each respective year.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

BOCS participates in certain governmental financial assistance programs. Although BOCS grant programs have been audited through December 31, 2019 in accordance with provisions of the Single Audit Act, these programs are still subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although BOCS expects such amounts, if any, to be immaterial.

**NOTE 9: SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 30, 2020, the date that the financial statements were available to be issued.

Bossier Office of Community Services, Inc. has evaluated subsequent events for potential recognition and /or disclosure through October 30, 2020, the date financial statements were available to be issued. On March 11, 2020, the World Health Organization (WHO) recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the State of Texas issued a stay-at-home order from March 21 to May 29, 2020 as a protective action to prevent the spread of COVID-19. The stay-at-home order imposed restrictions on travel and business operations and required individuals to stay at home except to perform essential activities. Lastly, given the uncertainty regarding the spread of COVID-19, the further financial impact of the pandemic upon BOCS cannot be reasonably estimated at this time.

## **SUPPLEMENTAL INFORMATION**

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2019**

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program			
Head Start Program	93.600	06CH7168	\$ 2,823,282
Early Head Start Program	93.600	06CH7168	538,779
Total Head Start Program			<u>3,362,061</u>
Passed through Louisiana Department of Labor			
Community Services Block Grant (CSBG)	93.569	2019N0033	249,266
Community Services Block Grant (CSBG)	93.569	2018N0033	68,418
Total Community Services Block Grant			<u>317,684</u>
Passed through Louisiana Housing Corporation			
Low Income Home Energy Assistance Program (LIHEAP)	93.568		94,343
Total Low Income Home Energy Assistance Program			<u>94,343</u>
			<u>3,774,088</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Louisiana Department of Education			
Child and Adult Care Food Program (CACFP)	10.558	93-136	391,059
Total U.S. Department of Agriculture			<u>391,059</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through City of Bossier City			
Community Development Block Grant - (CDBG)			
Transportation Assistance	14.218	B-19-MC-22-0009	7,086
Transportation Assistance	14.218	B-18-MC-22-0009	7,716
Total Department of Housing and Urban Development			<u>14,802</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through a local governing board			
Emergency Food and Shelter Program (FEMA)	97.024	356400-019	7,068
Total U.S. Department of Homeland Security			<u>7,068</u>
			<u>\$ 4,187,017</u>
<b>Total Expenditures of Federal Awards</b>			
In-kind matching expenditures (Noncash Awards)			
Head Start	93.600	06CH7168	\$ 139,356
Early Head Start	93.600	06CH7168	5,664
<b>Total Noncash Awards</b>			<u>\$ 145,020</u>

See accompanying notes.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS  
December 31, 2019

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Bossier Office of Community Services, Inc. (BOCS) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of BOCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of BOCS.

**(2) Summary of Significant Accounting Policies**

Expenditures reported in the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. There were no amounts passed-through to subrecipients.

**(3) Indirect Cost Rate**

BOCS has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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  
Bossier Office of Community Services, Inc.  
Bossier City, 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 Bossier Office of Community Services, Inc. (BOCS) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bossier Office of Community Services Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Bossier Office of Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

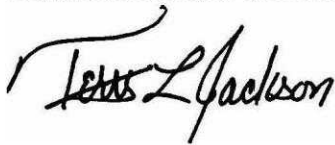
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bossier Office of Community Services, Inc.'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.

A handwritten signature in black ink that reads "Texas L. Jackson". The signature is written in a cursive style with a large initial "T".

Houston, Texas  
October 30, 2020

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Independent Auditor's Report on Compliance For Each Major  
Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance

To the Board of Directors  
Bossier Office of Community Services, Inc.  
Bossier City, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Bossier Office of Community Services, Inc.'s (BOCS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BOCS' major federal programs for the year ended December 31, 2019. Bossier Office of Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of BOCS' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that



could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BOCS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BOCS' compliance.

### **Basis for Qualified Opinion on Head Start**

As described in the accompanying schedule of findings and questioned costs, BOCS did not comply with requirements regarding CFDA 93.600 Head Start as described in finding number 2019-001 for Allowable Activities and Allowable Costs. Compliance with such requirements is necessary, in our opinion, for BOCS to comply with the requirements applicable to that program.

### **Qualified Opinion on Head Start**

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, BOCS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Head Start for the year ended December 31, 2019.

### **Report on Internal Control over Compliance**

Management of Bossier Office of Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered BOCS' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BOCS' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course

of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-01 through 2019-03 to be significant deficiencies.

BOCS' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. BOCS' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large initial "T" and a long, sweeping underline.

Houston, Texas  
October 30, 2020

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
YEAR ENDED DECEMBER 31, 2019**

**Financial Statement Audit Findings**

None reported.

**Major Federal Award Program Audit Findings**

None reported.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2019**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued – Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? Yes

Type of auditor’s report issued on compliance for major programs: Modified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.600	Head Start Program

Dollar threshold used to distinguish between type A and type B programs:  
\$750,000

Auditee qualified as low-risk auditee? Yes

**BOSSIER OFFICE OF COMMUNITY SERVICE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2019**

**Section II – Financial Statement Finding**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

2019-001 – Lack of Proper Authorization

Condition: Internal Control testing over federal programs resulted in nine (9) of twenty-five (25) items having one or more of the following conditions noted: (1) Expense was signed as being authorized by the Executive Director and/or Finance Director after acquiring goods and/or check written; (2) Payment Authorization date on the Payment Request preceded the vendor invoice date by over two weeks; (3) Payment Authorization was not dated; (4) Expense was not authorized by proper personnel; (5) Expense approval was not dated by proper level of approval.

Cause: Financial procedures were not followed for such expenditures.

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a);

- (1) All requisitions must be approved by the Executive Director, for reasonableness, allowability and allocability of cost, prior to acquiring goods;
- (2) Purchase authorizations are to be obtained from one level above the person requesting the payment or payee;
- (3) The payment authorization form must be approved by the Executive Director prior to payment.
- (4) The Finance Department will prepare the check(s) based on approved payment authorization forms.

Effect: Non-compliance with requirements of Uniform Guidance, Federal Awards and Internal Controls per Financial Procedures.

Corrective Action: Comply with requirements of Federal Awards and Internal Controls per Financial Procedures.

Views of Responsible Officials: Auditee will comply with requirements of Federal Awards and Internal Controls per Financial Procedures.

2019-002 – Misclassification of Expenses

Condition: Cell phone expense was charged to local travel. Copier expenses were charged to classroom supplies. Insurance expense was charged to maintenance and repair.

Cause: Financial procedures were not followed for such expenditures to be properly classified and for dated proper approval prior to checks being cut.

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a)

- (1) All requisitions must be approved by the Executive Director, for reasonableness, allowability and allocability of cost, prior to acquiring goods;
- (2) Purchase authorizations are to be obtained from one level above the person requesting the payment or payee;
- (3) The payment authorization form must be approved by the Executive Director prior to payment.
- (4) The Finance Department will prepare the check(s) based on approved payment authorization forms.
- (5) All financial transactions are also required by Generally Accepted Accounting Principles to be properly classified.

Effect: Non-compliance with requirements of Uniform Guidance, Federal Awards, Internal Controls per Financial Procedures and Generally Accepted Accounting Principles.

Corrective Action: Comply with requirements of Uniform Guidance, Federal Awards, Internal Controls per Financial Procedures and Generally Accepted Auditing Procedures. All financial transactions are to be properly classified within the proper cost reimbursement line item and the proper Financial Statement classification within the general ledger.

Views of Responsible Officials: Auditee will ensure that all financial transactions are properly classified within the proper cost reimbursement line item and proper Financial Statement classification within the general ledger. Compliance with Uniform Guidance, Federal Awards, and Internal Controls will be adhered to.

2019-003 – Lack of Supporting Documentation

Condition: For one (1) of twenty-five (25) items, supporting documentation was not provided.

Cause: Financial procedures were not followed for such expenditures to be evidenced as being allowable.

Criteria: 42 USC and 45 CFR.

Effect: Non-compliance with requirements of Uniform Guidance, Federal Awards, Financial Procedures and questioned costs.

Corrective Action: Compliance with requirements of Uniform Guidance, Federal Awards, to avoid findings and questioned costs.

Views of Responsible Officials: Auditee will comply with requirements of Uniform Guidance and Federal Awards to avoid findings and questioned costs.

**Bossier Office of Community Services, Inc.  
Schedule of Compensation, Benefits and  
Other Payments to Chief Executive Officer  
For the Year ended December 31, 2019**

Chief Executive Officer's Name: Debra A. Hamilton	<u><b>Amount</b></u>
Purpose	
Salary	\$ 103,579
Benefits--insurance	4,936
Benefits --retirement	5,234
Benefits--STD/LTD	1,589
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	7,841
Registration fees	1,120
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	25
Total	<u><u>\$ 124,323</u></u>



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

To the Board of Directors of  
Bossier Office of Community Services, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bossier Office of Community Services, Inc. (a nonprofit organization) (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and report whether those written policies and procedures address each of the following categories and subcategories (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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.
- 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 cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- 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) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results:** *A copy of the written financial policies and procedures manual was obtained and read.*

**Exceptions:**

*Ethics was not applicable to this non-profit.*

*Debt service was not applicable because the Entity has not issued any debt.*

*Disaster Recovery/Business Continuity did not specify periodic testing/verification that backups can be restored, the use of antivirus software on all systems, timely application of all available systems and software patches/updates, and did not identify personnel, processes, and tools needed to recover operations after a critical event.*

***Management's Response: Entity will update the financial policy and procedures manual to include these policies and procedures.***

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

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee 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) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparison, if budgeted) for major proprietary funds.
  - c) 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.
  - d) 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.

***Results: a) The governing board meets at least quarterly with a quorum.***

***b) Budget-to-actual comparisons are presented at each meeting and referenced in the board minutes.***

***c) Minutes included non-budgetary financial informal (e.g. approval of contract and disbursements) for at least one meeting during the fiscal period.***

***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve months from the statement closing date, if applicable.

***Results: We obtained a list of bank accounts. All accounts were confirmed with bank. Management confirmed the listing was complete.***

- a) Bank accounts are reconciled monthly by the Finance Director and initialed.***
- b) The Executive Director reviews each bank reconciliation and initials and dates.***
- c. No items outstanding more than twelve months were found.***

#### ***Collections (excluding EFTs)***

---

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money order (cash) are prepared and management's representation that the listing is complete.

***Results: A listing was obtained from management and representation from management that the listing was complete.***

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for collecting cash do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a. Observe that receipts are sequentially pre-numbered.
  - b. Trace sequentially pre-numbered receipts, system reports, or other related collection documentation to the deposit slip.
  - c. Trace the deposit slip total to the actual deposit per the bank statement.
  - d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e. Trace the actual deposit per the bank statement to the general ledger.

**Results:** *a) 1) Employees are covered by an insurance policy for theft, 2) The Secretary is responsible for collecting, stamping “For Deposit Only” and logging amounts in. She forwards collections to the bookkeepers who record the receipts, prepares a deposit slip, attaches copy of receipt and all source documents, and stamps the bank account number on check or money order. Bookkeepers forward to the Finance Director. The Finance Director reviews the deposit slip, receipt summary, reconciles, and makes deposits in the bank, 3) Registers or drawers are not shared by employees.*

*b) Formal process to reconcile cash collections to the general ledger is used.*

*c) Collections are completely supported by documentation. Deposits of more than \$100 were made within one day of collection.*

*d) Entity has written collection process documented in the policy and procedures manual. Inquiry determined that employee responsible for collections is not the same one responsible for determining completeness.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** Management provided check registers with beginning and ending check numbers for all disbursements made during the year. Management represented that the listing is complete. Entity has only one location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase
  - b) At least two employees are involved in processing and approving payments to vendors
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***Results: At least two employees are involved in initiating a purchase request, approval, placing the order, and processing and approving payments to vendors. The finance director is responsible for periodically reviewing changes to vendor files. Once checks are signed***

***Exception: Payments to vendors are sometimes mailed by an employee who is responsible for processing payments.***

***Management's Response: Entity will implement procedures to rectify this.***

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Results: We randomly selected disbursements and obtained supporting documentation of the following for each transaction:***

- a) The disbursement matched the related original invoice/billing statement.***
- b) The disbursement documentation included evidence of segregation of duties by initials/date.***

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

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11. Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in the prior period.
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### ***Travel and Travel –Related Expense Reimbursements***

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12. Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in the prior period.

### ***Contracts***

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13. Obtain from management a listing of all agreements/contracts for professional services, material and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select five contracts from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Report that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

- Results: a) There is a formal/written contract that supports the service arrangements and amounts paid.***  
***b) The contracts were not subject to the Louisiana Public Bid Law or Procurement Code.***  
***c) There were no amendments or change orders.***  
***d) Invoices and related payments were consistent with contract terms.***  
***e) Contracts were approved by the Board during grant approval that includes budget approval.***

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

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14. Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019 due to no exceptions being noted in prior period.

### ***Ethics (excluding nonprofits)***

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15. Using the five randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Results: Not applicable to nonprofit organizations.**

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

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16. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation from the entity, and observe that State Bond Commission approval was obtained for each bond/note issued.

**Results: Not applicable, nonprofit organizations.**

#### ***Other***

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17. Obtain a listing of misappropriations of public funds or assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results: Management listed no misappropriations and reported no misappropriations.**

18. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results: The Entity has the notice posted on its premises.**

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



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

A handwritten signature in black ink that reads "Tessa L. Jackson". The signature is written in a cursive style with a large initial "T" and a prominent flourish at the end.

Houston, Texas  
October 20, 2020