

MONROE AREA GUIDANCE CENTER

MONROE, LOUISIANA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2018

MONROE AREA GUIDANCE CENTER
JUNE 30, 2018

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monroe Area Guidance Center
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Monroe Area Guidance Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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.

Auditors' 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 auditors' judgment, including the

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Area Guidance Center as of June 30, 2018, 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.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in the Note 17 to the financial statements, the uncertainty regarding the renewal of two large contracts raises substantial doubt about its ability to continue as a going concern. Management plans regarding these matters are also described in Note 17. The financial statements do not include adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, on our consideration of Monroe Area Guidance Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Area Guidance Center's internal control over financial reporting and compliance.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Monroe, Louisiana

January 4, 2019

MONROE AREA GUIDANCE CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	19,994
Accounts Receivable - Contracts (Net)	23,100
Prepaid Insurance	<u>23,017</u>

TOTAL CURRENT ASSETS 66,111

PROPERTY AND EQUIPMENT

Land	96,510
Buildings	957,715
Furniture and Equipment	309,088
Improvements	<u>106,917</u>
	1,470,230
Less: Accumulated Depreciation	<u>(1,038,949)</u>

NET PROPERTY AND EQUIPMENT 431,281

TOTAL ASSETS 497,392

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

MONROE AREA GUIDANCE CENTER
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	17,545
Accrued Leave	15,210
Line of Credit	<u>42,409</u>

TOTAL CURRENT LIABILITIES 75,164

LONG-TERM LIABILITIES

Notes Payable	<u>-</u>
---------------	----------

TOTAL LONG-TERM LIABILITIES -0-

TOTAL LIABILITIES 75,164

NET ASSETS

Unrestricted - Operations	(9,053)
Unrestricted - Fixed Assets	431,281
Temporarily Restricted	<u>-</u>

TOTAL NET ASSETS 422,228

TOTAL LIABILITIES AND NET ASSETS 497,392

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

MONROE AREA GUIDANCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Temporarily Restricted	Permanently Restricted	Unrestricted	Total
<u>UNRESTRICTED NET ASSETS</u>				
Support				
Grants and Contracts	-	-	368,512	368,512
Contributions	-	-	-	-
<u>TOTAL UNRESTRICTED SUPPORT</u>	<u>-0-</u>	<u>-0-</u>	<u>368,512</u>	<u>368,512</u>
Revenues				
Miscellaneous	-	-	5,996	5,996
Other Program Fees	-	-	55,424	55,424
Interest Income	-	-	-	-
<u>TOTAL UNRESTRICTED REVENUES</u>	<u>-0-</u>	<u>-0-</u>	<u>61,420</u>	<u>61,420</u>
<u>TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION</u>	<u>-0-</u>	<u>-0-</u>	<u>429,932</u>	<u>429,932</u>
<u>EXPENSES</u>				
Program Services				
Community Support	-	-	119,839	119,839
Fairhaven Shelter	-	-	169,293	169,293
Jackson House	-	-	134,979	134,979
Harmony House	-	-	-	-
<u>TOTAL PROGRAM SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>424,111</u>	<u>424,111</u>
Supporting Services				
Management and General	-	-	83,017	83,017
Fund Raising	-	-	-	-
<u>TOTAL SUPPORTING SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>83,017</u>	<u>83,017</u>
<u>TOTAL EXPENSES</u>	<u>-0-</u>	<u>-0-</u>	<u>507,128</u>	<u>507,128</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	-	-	(77,196)	(77,196)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	-0-	-0-	499,424	499,424
Reclassifications	-	-	-0-	-0-
<u>NET ASSETS AT END OF YEAR</u>	<u>-0-</u>	<u>-0-</u>	<u>422,228</u>	<u>422,228</u>

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

MONROE AREA GUIDANCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

PROGRAM SERVICES

	Community Support <u>Program</u>	Fairhaven <u>Shelter</u>	Jackson <u>House</u>
Personal Services	80,640	101,243	97,749
Related Benefits	8,406	8,388	8,098
Travel	1,301	430	275
Operating Services	5,798	40,435	25,297
Supplies	9,483	3,102	1,325
Professional Services	-	3,786	2,235
Miscellaneous	-	-	-
<u>Total Expenses Before Depreciation</u>	105,628	157,384	134,979
Depreciation	<u>14,211</u>	<u>11,909</u>	<u>-</u>
<u>TOTAL EXPENSES</u>	<u>119,839</u>	<u>169,293</u>	<u>134,979</u>

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

MONROE AREA GUIDANCE CENTER
 STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

PROGRAM SERVICES (CONTINUED)

	<u>General and Administrative</u>	<u>TOTAL</u>
Personal Services	61,383	341,015
Related Benefits	5,464	30,356
Travel	106	2,112
Operating Services	3,765	75,295
Supplies	2,455	16,365
Professional Services	-	6,021
Miscellaneous	-	-0-
<u>Total Expenses Before Depreciation</u>	73,173	471,164
Depreciation	9,844	35,964
<u>TOTAL EXPENSES</u>	<u>83,017</u>	<u>507,128</u>

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

MONROE AREA GUIDANCE CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Increase (Decrease) in Net Assets	(77,196)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities	
Depreciation	35,964
(Increase) Decrease in:	
Accounts Receivable - Contract	8,749
Prepaid Insurance	(4,632)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	5,159
Accrued Leave	(2,685)
Line of Credit	<u>19,200</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(15,441)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Fixed Assets	
Certificate of Deposit Proceeds	<u>16,937</u>
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>16,937</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Principal Payment on Debt	-
Proceeds from Loan	<u>-</u>
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>-0-</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	1,496
<u>BEGINNING CASH AND CASH EQUIVALENTS</u>	<u>18,498</u>
<u>ENDING CASH AND CASH EQUIVALENTS</u>	<u>19,994</u>
<u>SUPPLEMENTAL CASH BASIS DATA</u>	
Interest Paid	-0-
Income Taxes Paid	-0-

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

MONROE AREA GUIDANCE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Statement of Presentation:

The accompanying financial statements are presented on the accrual basis and conform to generally accepted accounting principles for not-for-profit organizations.

B. Organization:

The Organization provides a spectrum of habilitation-oriented services to the chronically mentally ill in northeast Louisiana, including providing employment opportunities, helping clients with physical and emotional problems in order to help them get into the mainstream of community life, and operating a homeless shelter for the mentally ill. The Organization also carries out a janitorial program to help train clients for employment.

C. Estimates:

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

D. Cash and Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

E. Budget Policy:

Budgets for various programs are prepared by the Organization and approved by grantor of the funds for each respective program.

MONROE AREA GUIDANCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

G. Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

H. Property and Equipment:

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Buildings are

MONROE AREA GUIDANCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Property and Equipment: (Continued)

depreciated using the straight-line method over the useful lives ranging between 27.5 years and 39 years. Equipment is depreciated using the declining balance method over the useful lives ranging between 5 to 7 years. Improvements are depreciated using the straight-line method over 15 years.

I. Allocation of Functional Expenses:

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

J. Reserve for Bad Debts:

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables made. Management reviews accounts receivable monthly and charges off amounts deemed uncollectible. The amount of the allowance was \$-0- at the year ended June 30, 2018.

K. Advertising Costs:

Advertising costs for the year ended June 30, 2018 were immaterial. Advertising costs are expensed as incurred.

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from Louisiana Department of Health and Hospitals. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method, including Medicaid funds. The Organization also receives funds by contributions from both public and private sources. The loss of these funds could have an adverse effect on the Organization.

MONROE AREA GUIDANCE CENTER
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

NOTE 3 - CONTRACTS RECEIVABLE:

Contracts at June 30, 2018 generally consist of indirect reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program.

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - NON-CASH CONTRIBUTIONS:

The Organization received various non-cash contributions during the year from private and public sources. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services, and such contributions do not meet the criteria for recognition as contributions.

NOTE 6 - INCOME TAX STATUS:

The Organization, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - CHANGES IN FIXED ASSETS:

A summary of changes in fixed assets recorded at cost follows:

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2018</u>
Land	96,510	-	-	96,510
Harmony House Bldg.	660,000	-	-	660,000
Jackson/Fairhaven Bldg.	297,715	-	-	297,715
Harmony House Improvements	188,099	-	(81,182)	106,917
Furniture & Equipment	<u>324,350</u>	-	<u>(15,262)</u>	<u>309,088</u>
 TOTAL	 <u>1,566,674</u>	 <u>-0-</u>	 <u>(96,444)</u>	 <u>1,470,230</u>
Accumulated Depreciation	<u>1,099,429</u>	<u>35,964</u>	<u>(96,444)</u>	<u>1,038,949</u>

MONROE AREA GUIDANCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 8 - ACCRUED LEAVE:

As of June 30, 2018, accrued annual leave time was \$15,210. The Organization records leave as an expenditure in the year the leave is earned.

NOTE 9 - CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

NOTE 10 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at June 30, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 11 - CASH FUNDS:

All cash funds are in institutions insured up to \$250,000 by an agency of the federal government.

NOTE 12 - IMPAIRMENT OF LONG-LIVED ASSETS:

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

MONROE AREA GUIDANCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 13 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through January 4, 2019, the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 15 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2017, 2016, 2015, and 2014 are open for examination by various taxing authorities.

NOTE 16 - LINE OF CREDIT:

The Organization maintains a line of credit with Origin Bank. Interest is at a variable rate, and was 5% at June 30, 2018. As of June 30, 2018, the balance of the line of credit was \$42,409.

NOTE 17 - GOING CONCERN:

The Organization has lost contracts to run some of its programs over the last few years. The two largest contracts the Organization has are to operate the Fairhaven and Jackson House programs. Those two contracts had renewed on an annual basis in previous years. Currently, these two contracts are renewing on a quarterly basis. The loss of those contracts could have a significant effect on the Organization's ability to operate as a going concern.

SUPPLEMENTARY FINANCIAL INFORMATION

MONROE AREA GUIDANCE CENTER
GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

PROGRAM SERVICES

	<u>Community Support Program</u>	<u>Fairhaven Shelter</u>	<u>Jackson House</u>
Support:			
Grants and Contracts			
OMH	-	160,033	114,905
DOTD Janitorial	50,941	-	-
LA Workforce Janitorial	11,142	-	-
Columbia Mental Health Center	16,276	-	-
OBH	15,215	-	-
LSUS/E.A. Conway	-	-	-
Contributions			
Other	-	-	-
	<u>93,574</u>	<u>160,033</u>	<u>114,905</u>
<u>TOTAL SUPPORT</u>			
	<u>93,574</u>	<u>160,033</u>	<u>114,905</u>
Revenue:			
Miscellaneous	5,996	-	-
Other Program Fees	55,424	-	-
Interest Income	-	-	-
	<u>61,420</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL REVENUE</u>			
	<u>61,420</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>			
	<u>154,994</u>	<u>160,033</u>	<u>114,905</u>
Expenditures:			
Personal Services	80,640	101,243	97,749
Related Benefits	8,406	8,388	8,098
Travel	1,301	430	275
Operating Services	5,798	40,435	25,297
Supplies	9,483	3,102	1,325
Professional Services	-	3,786	2,235
Administrative Costs	19,420	28,936	24,817
Miscellaneous	-	-	-
	<u>125,048</u>	<u>186,320</u>	<u>159,796</u>
<u>TOTAL EXPENDITURES</u>			
	<u>125,048</u>	<u>186,320</u>	<u>159,796</u>
<u>NET REVENUE (LOSS)</u>			
	<u>29,946</u>	<u>(26,287)</u>	<u>(44,891)</u>

See accountants' report.

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MONROE AREA GUIDANCE CENTER
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 FOR THE PERIOD ENDED DURING FISCAL YEAR JUNE 30, 2018

AGENCY HEAD NAME/TITLE: CHELSEA LITTLE, EXECUTIVE DIRECTOR

<u>Purpose</u>	<u>Amount</u>
Salary	37,188
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other - Training	-0-

See accountants' report.

COMPLIANCE REPORTS

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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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
Monroe Area Guidance Center
Monroe, 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 Monroe Area Guidance Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Area Guidance Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Area Guidance Center'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies and are listed as items 2018-001, 2018-002, 2018-003, and 2018-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Area Guidance Center'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2018-005.

Monroe Area Guidance Center's Response to Findings

Monroe Area Guidance Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Monroe Area Guidance Center's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Monroe, Louisiana

January 4, 2019

MONROE AREA GUIDANCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Internal Control

2018-001

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Project's annual financial statements. This condition is intentional by management based upon the Project's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Professional standards require that we report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Criteria: Proper internal controls under professional standards require management to prepare the organization's annual financial statements.

Effect: This finding has no material effect on the financial statements.

Cause: It is not cost effective for the Project to cure this control deficiency.

MONROE AREA GUIDANCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Internal Control (Continued)

2018-001 (Continued)

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying professional standard reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Reply: Management agrees with this finding.

2018-002

Finding: Payroll taxes were not remitted to the Internal Revenue Service and Louisiana Department of Revenue by the prescribed deadlines. The Organization is behind on the payroll taxes due to the Louisiana Department of Revenue for state withholdings.

Criteria: The Organization's payroll taxes are required to be remitted to the Internal Revenue Service within a few days of each payroll date. Louisiana withholdings are due by the last day of the following month.

Effect: The Organization was assessed penalties for late payment of taxes.

Cause: There was a change in the responsible party over payroll and the Organization had inadequate monitoring of the payroll function.

Recommendation: The Organization should review its policies and procedures over remitting payroll tax payments and the monitoring thereof.

Reply: The Organization agrees with the finding and will review its policies and procedures over remitting payroll tax payments and the monitoring thereof.

MONROE AREA GUIDANCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Internal Control (Continued)

2018-003

Finding: The Organization did not reconcile the bank account for November 2017 through the end of the fiscal year end, June 30, 2018.

Criteria: Bank reconciliations should be completed correctly on a monthly basis and reviewed each month for accuracy by the appropriate person.

Effect: There were transactions that cleared the bank statement that were not reconciled on the Organization's books.

Cause: The bank statements and reconciliations were not reviewed.

Recommendation: Bank accounts should be reconciled within ten (10) days of receiving the bank statement. In addition, the treasurer of the board or another board officer should review the bank reconciliation as soon as possible.

Reply: Management agrees with the finding and will implement new policies and procedures over the preparation and monitoring of bank reconciliations.

2018-004

Finding: Two of forty items tested that were charged to expense accounts did not contain documentation to support the transaction.

Criteria: All items charged to expense should be supported by proper documentation, such as an invoice. All items should be charged to the proper expense account.

Effect: This finding has no material effect on the financial statements.

Cause: The invoice for the transaction in question was lost or misplaced.

MONROE AREA GUIDANCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Internal Control (Continued)

2018-004 (Continued)

Recommendation: The Organization should review its policies and procedures over filing and maintaining invoices and coding disbursements.

Reply: The Organization agrees with the finding and will review its policies and procedures over filing and maintaining invoices and coding disbursements.

Compliance

2018-005

Finding: The Audit was not timely filed with the Louisiana Legislative Auditor.

Criteria: The Louisiana Legislative Auditor requires the financial statements to be filed no later than six months after the end of the fiscal year.

Effect: This finding has no material effect on the financial statements.

Cause: The Organization did not engage an auditor prior to the fiscal year end.

Recommendation: The Organization should engage an auditor each year prior to the end of the Organization's fiscal year end.

Reply: Management agrees with this finding.

MONROE AREA GUIDANCE CENTER
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
JUNE 30, 2018

Internal Control

2017-001

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Project's annual financial statements. This condition is intentional by management based upon the Project's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Professional standards require that we report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Status: Uncleared.

2017-002

Finding: Payroll taxes were not remitted to the Internal Revenue Service and the Louisiana Department of Revenue by the prescribed deadlines.

Status: Uncleared.

MONROE AREA GUIDANCE CENTER
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS (CONTINUED)
JUNE 30, 2018

Internal Control (Continued)

2017-003

Finding: The bank reconciliations listed old, outstanding transactions that should have been investigated. The bank reconciliation also contained errors and was not reviewed by the treasurer.

Status: Uncleared. Bank reconciliations were not prepared for the last nine months of the fiscal year.

2017-004

Finding: Louisiana unemployment reports did not identify all employees that were paid.

Status: Cleared.

Compliance

There were no compliance findings for the year ended June 30, 2017.