

MONROE AREA GUIDANCE CENTER

MONROE, LOUISIANA

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FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2016

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MONROE AREA GUIDANCE CENTER  
JUNE 30, 2016

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- Accounting & Auditing
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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, 2016, 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, 2016, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2017, 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  
April 3, 2017

MONROE AREA GUIDANCE CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	19,896
Accounts Receivable - Contracts (Net)	44,202
Prepaid Insurance	<u>21,855</u>

TOTAL CURRENT ASSETS 85,953

OTHER ASSETS

Certificate of Deposit	<u>16,761</u>
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TOTAL OTHER ASSETS 16,761

PROPERTY AND EQUIPMENT

Land	96,510
Buildings	957,715
Furniture and Equipment	324,350
Improvements	<u>179,049</u>
	1,557,624

Less: Accumulated Depreciation (1,063,400)

NET PROPERTY AND EQUIPMENT 494,224

TOTAL ASSETS 596,938

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

MONROE AREA GUIDANCE CENTER  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
JUNE 30, 2016

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	57,592
Accrued Leave	<u>16,658</u>

TOTAL CURRENT LIABILITIES 74,250

LONG-TERM LIABILITIES

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

TOTAL LONG-TERM LIABILITIES -0-

TOTAL LIABILITIES 74,250

NET ASSETS

Unrestricted - Operations	28,464
Unrestricted - Fixed Assets	494,224
Temporarily Restricted	<u>-</u>

TOTAL NET ASSETS 522,688

TOTAL LIABILITIES AND NET ASSETS 596,938

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

MONROE AREA GUIDANCE CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Temporarily Restricted	Permanently Restricted	Unrestricted	Total
<u>UNRESTRICTED NET ASSETS</u>				
Support				
Grants and Contracts	-	-	629,760	629,760
Contributions	-	-	922	922
<u>TOTAL UNRESTRICTED SUPPORT</u>	<u>-0-</u>	<u>-0-</u>	<u>630,682</u>	<u>630,682</u>
Revenues				
Miscellaneous	-	-	5,750	5,750
Other Program Fees	-	-	51,032	51,032
Interest Income	-	-	175	175
<u>TOTAL UNRESTRICTED REVENUES</u>	<u>-0-</u>	<u>-0-</u>	<u>56,957</u>	<u>56,957</u>
<u>TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION</u>	<u>-0-</u>	<u>-0-</u>	<u>687,639</u>	<u>687,639</u>
<u>EXPENSES</u>				
Program Services				
Community Support	-	-	274,030	274,030
Fairhaven Shelter	-	-	158,090	158,090
Jackson House	-	-	242,357	242,357
Transportation	-	-	41,930	41,930
Harmony House	-	-	64,761	64,761
<u>TOTAL PROGRAM SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>781,168</u>	<u>781,168</u>
Supporting Services				
Management and General	-	-	71,518	71,518
Fund Raising	-	-	-	-0-
<u>TOTAL SUPPORTING SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>71,518</u>	<u>71,518</u>
<u>TOTAL EXPENSES</u>	<u>-0-</u>	<u>-0-</u>	<u>852,686</u>	<u>852,686</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>-</u>	<u>-</u>	<u>(165,047)</u>	<u>(165,047)</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>-0-</u>	<u>-0-</u>	<u>687,735</u>	<u>687,735</u>
Reclassifications	-	-	-0-	-0-
<u>NET ASSETS AT END OF YEAR</u>	<u>-0-</u>	<u>-0-</u>	<u>522,688</u>	<u>522,688</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, 2016

PROGRAM SERVICES

	Community Support <u>Program</u>	Fairhaven <u>Shelter</u>	Jackson <u>House</u>
Personal Services	183,435	110,631	173,260
Related Benefits	9,706	13,071	19,251
Travel	2,647	-	-
Operating Services	9,390	20,306	45,516
Supplies	45,415	838	1,371
Professional Services	5,046	1,335	1,391
Miscellaneous	-	-	-
<u>Total Expenses Before Depreciation</u>	<u>255,639</u>	<u>146,181</u>	<u>240,789</u>
Depreciation	<u>18,391</u>	<u>11,909</u>	<u>1,568</u>
<u>TOTAL EXPENSES</u>	<u>274,030</u>	<u>158,090</u>	<u>242,357</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, 2016

PROGRAM SERVICES (CONTINUED)

	Transpor- tation <u>OMH</u>	Harmony House <u>OMH</u>	General and Adminis- trative	<u>TOTAL</u>
Personal Services	21,302	32,707	57,926	579,261
Related Benefits	1,379	3,334	5,193	51,934
Travel	-	-	54	2,701
Operating Services	13,872	16,832	2,161	108,077
Supplies	300	5,740	1,095	54,759
Professional Services	1,985	1,399	970	12,126
Miscellaneous	-	-	-	-0-
<u>Total Expenses Before Depreciation</u>	38,838	60,012	67,399	808,858
Depreciation	<u>3,092</u>	<u>4,749</u>	<u>4,119</u>	<u>43,828</u>
<u>TOTAL EXPENSES</u>	<u>41,930</u>	<u>64,761</u>	<u>71,518</u>	<u>852,686</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, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Increase (Decrease) in Net Assets	(165,047)
Adjustments to Reconcile Increase in Net Assets To Net Cash Provided (Used) by Operating Activities	
Depreciation	43,828
(Increase) Decrease in:	
Accounts Receivable - Contract	73,474
Prepaid Insurance	894
Increase (Decrease) in Operating Liabilities	
Accounts Payable	44,499
Accrued Leave	<u>601</u>
 <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	 ( <u>1,751</u> )
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Fixed Assets	-
Certificate of Deposit	( <u>175</u> )
 <u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	 ( <u>175</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>	 ( <u>1,926</u> )
 <u>BEGINNING CASH AND CASH EQUIVALENTS</u>	 <u>21,822</u>
 <u>ENDING CASH AND CASH EQUIVALENTS</u>	 <u>19,896</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, 2016

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, 2016

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, 2016

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, 2016.

K. Advertising Costs:

Advertising costs for the year ended June 30, 2016 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, 2016

NOTE 3 - CONTRACTS RECEIVABLE:

Contracts at June 30, 2016 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, 2015	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2016
Land	96,510	-	-	96,510
Harmony House Bldg.	660,000	-	-	660,000
Jackson/Fairhaven Bldg.	297,715	-	-	297,715
Harmony House Improvements	179,049	-	-	179,049
Furniture & Equipment	324,350	-	-	324,350
 TOTAL	 <u>1,557,624</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>1,557,624</u>
Accumulated Depreciation	<u>1,019,572</u>	<u>43,828</u>	<u>-0-</u>	<u>1,063,400</u>

MONROE AREA GUIDANCE CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

NOTE 8 - ACCRUED LEAVE:

As of June 30, 2016, accrued annual leave time was \$16,658. 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, 2016 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, 2016

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 April 3, 2017, 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 2015, 2014, 2013, and 2012 are open for examination by various taxing authorities.



SUPPLEMENTARY FINANCIAL INFORMATION

MONROE AREA GUIDANCE CENTER  
 GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2016

PROGRAM SERVICES

	Community Support <u>Program</u>	Fairhaven Shelter	Jackson House
Support:			
Grants and Contracts			
OMH	-	110,216	300,300
DOTD Janitorial	42,451	-	-
LA Workforce Janitorial	9,285	-	-
Columbia Mental Health Center	11,008	-	-
OBH	11,267	-	-
LSUS/E.A. Conway	36,242	-	-
Contributions			
Other	922	-	-
<u>TOTAL SUPPORT</u>	<u>111,175</u>	<u>110,216</u>	<u>300,300</u>
Revenue:			
Miscellaneous	5,750	-	-
Other Program Fees	51,032	-	-
Interest Income	175	-	-
<u>TOTAL REVENUE</u>	<u>56,957</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>168,132</u>	<u>110,216</u>	<u>300,300</u>
Expenditures:			
Personal Services	183,435	110,631	173,260
Related Benefits	9,706	13,071	19,251
Travel	2,647	-	-
Operating Services	9,390	20,306	45,516
Supplies	45,415	838	1,371
Professional Services	5,046	1,335	1,391
Administrative Costs	17,806	11,655	31,916
Miscellaneous	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>273,445</u>	<u>157,836</u>	<u>272,705</u>
<u>NET REVENUE (LOSS)</u>	<u>(105,313)</u>	<u>( 47,620)</u>	<u>27,595</u>

See accountants' report.

MONROE AREA GUIDANCE CENTER  
GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

PROGRAM SERVICES (Continued)

	Harmony House <u>OMH</u>	Transportation <u>Services</u>
Support:		
Grants and Contracts		
OMH	66,007	42,984
DOTD Janitorial	-	-
LA Workforce Janitorial	-	-
Columbia Mental Health Center	-	-
OBH	-	-
LSUS/E.A. Conway	-	-
Contributions		
Other	-	-
<u>TOTAL SUPPORT</u>	<u>66,007</u>	<u>42,984</u>
Revenue:		
Miscellaneous	-	-
Other Program Fees	-	-
Interest Income	-	-
<u>TOTAL REVENUE</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>66,007</u>	<u>42,984</u>
Expenditures:		
Personal Services	32,707	21,302
Related Benefits	3,334	1,379
Travel	-	-
Operating Services	16,832	13,872
Supplies	5,740	300
Professional Services	1,399	1,985
Administrative Costs	5,995	4,146
Miscellaneous	-	-
<u>TOTAL EXPENDITURES</u>	<u>66,007</u>	<u>42,984</u>
<u>NET REVENUE (LOSS)</u>	<u>-0-</u>	<u>-0-</u>

See accountants' report.

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, 2016

AGENCY HEAD NAME/TITLE: KATHRYN FENDALL, EXECUTIVE DIRECTOR

<u>Purpose</u>	<u>Amount</u>
Salary	54,909
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	1,337
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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  - Governmental Organizations
- Business & Financial Planning
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  - Individual & Partnership
  - Corporate & Fiduciary
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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, 2016, 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 April 3, 2017.

### **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 2016-002, 2016-003, 2016-004 and 2016-005.

#### **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 2016-001.

#### **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  
April 3, 2017



MONROE AREA GUIDANCE CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

Internal Control

2016-002

**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, 2016

Internal Control (Continued)

2016-002 (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.

2016-003

Finding: Bank statements were not reconciled in a timely manner.

Criteria: Monthly bank reconciliations should be completed as soon as possible after receipt of the bank statement.

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

Cause: Other administrative duties were given priority and the bank reconciliations were not done.

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.

MONROE AREA GUIDANCE CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

Internal Control (Continued)

2016-004

**Finding:** Payroll reports were not filed as required. In addition, Louisiana unemployment report did not identify all employees that were paid.

**Criteria:** The organization is required to file various payroll tax reports monthly and quarterly to the Internal Revenue Service and the state of Louisiana.

**Effect:** The organization may be assessed penalties by the tax collecting agencies.

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

**Recommendation:** The organization should review its policies and procedures over payroll reporting and the monitoring thereof.

**Reply:** The organization agrees with the finding and will review its policies and procedures over payroll reporting and monitoring of the payroll reports. All payroll reports through June 30, 2016 have now been filed correctly.

2016-005

**Finding:** Payroll taxes were not remitted to the Internal Revenue Service and Louisiana Department of Revenue as required. The 941 deposits were not made from March 2016 through June 2016, and employee withholdings for state income taxes were not made from October 2015 to June 2016.

**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.

MONROE AREA GUIDANCE CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

Internal Control (Continued)

2016-005 (Continued)

Effect: Accounts payable and accrued expenses include \$38,362 of delinquent penalties due. In addition, the organization will be assessed penalties and interest for the 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. All delinquent taxes through June 30, 2016 have now been paid.

Compliance

2016-001

Finding: The audit report is late.

Criteria: The audit is due to the Louisiana Legislative Auditor six months after the fiscal year end.

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

Cause: The organization did not timely reconcile its books at year end.

Recommendation: We recommend the Organization file all future audits by the required deadline.

Reply: Management agrees with this finding and will file all future audits by the required date.

MONROE AREA GUIDANCE CENTER  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS  
JUNE 30, 2016

Internal Control

Not Applicable

Compliance

2015-001

Finding: Several assets on the Organization's state asset listing are not tagged for identification.

Status: Cleared. The state released these assets.