EASTER SEALS LOUISIANA, INC.

Audits of Financial Statements

June 30, 2017 and 2016

CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Easter Seals Louisiana, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the 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 audits. We conducted our audits 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 Easter Seals Louisiana, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, on our consideration of Easter Seals Louisiana, 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 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 the Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
October 19, 2017

EASTER SEALS LOUISIANA, INC.
Statements of Financial Position
June 30, 2017 and 2016

		2017		2016
Assets				
Cash Used for Operations	**$**	**121,155**	$	81,491
Cash Equivalents Designated for Investments		**135,925**		71,814
Cash Designated for Capital Projects		**672,197**		672,795
Accounts Receivable, Net		**1,442,325**		1,053,290
Prepaid Expenses and Deposits		**26,033**		24,499
Investments - Board-Designated		**1,466,403**		1,404,281
Unemployment Trust		**113,505**		107,097
Beneficial Interest in Asset Held by Others		**8,296**		8,296
Unimproved Real Estate		**-**		16,218
Furniture and Equipment, Net		**30,514**		66,539
Total Assets	**$**	**4,016,353**	$	3,506,320
Liabilities				
Accounts Payable	**$**	**60,958**	$	73,665
Payroll Taxes Payable		**7,912**		-
Other Liabilities		**10,827**		7,684
Accrued Vacation		**24,906**		154,708
Total Liabilities		**104,603**		236,057
Net Assets				
Unrestricted Net Assets				
Undesignated		**1,637,225**		1,121,373
Board-Designated		**2,274,525**		2,148,890
Total Net Assets		**3,911,750**		3,270,263
Total Liabilities and Net Assets	**$**	**4,016,353**	$	3,506,320

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

EASTER SEALS LOUISIANA, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2017 and 2016

	2017	2016
Support and Revenue		
Contributions and Other Revenue		
Contributions	$ 22,158	$ 39,086
Special Events	123,938	131,797
Net Investment Gain (Loss)	136,954	(63,563)
Gain on Sale of Assets	16,651	-
Miscellaneous	306,854	18,501
Program Revenue		
Case Management	6,600,229	5,871,239
Mental Health Services	1,339,567	1,522,853
System Point of Entry (SPOE)	1,450,285	1,370,353
Integrated Community Engagement	255,093	224,858
Autism Services	27,760	-
Unity Permanent Supportive Housing	-	112,812
Total Support and Revenue	10,279,489	9,227,936
Expenses		
Program Services		
Case Management	5,511,305	5,569,003
Mental Health Services	1,598,211	1,342,638
System Point of Entry (SPOE)	1,327,560	1,275,269
Integrated Community Engagement	241,000	218,016
Direct Services	19,300	47,466
Unity Permanent Supportive Housing	-	149,825
Support Services		
Management and General	821,652	694,387
Fundraising	118,974	114,050
Total Expenses	9,638,002	9,410,654
Change in Net Assets	641,487	(182,718)
Net Assets, Beginning of Year	3,270,263	3,452,981
Net Assets, End of Year	$ 3,911,750	$ 3,270,263

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017

	Program Services						
			Mental Health Services				
	Case Management (All Regions)	Integrated Community Engagement (I & II)	Shreveport Crisis Services	Shreveport Community Psychiatric Support Treatment	Shreveport Residential	Monroe Intensive Case Management	Monroe Disaster Case Management
Salaries and Employee Benefits	$ 4,554,351	$ 55,648	$ 184,626	$ 51,170	$ 234,911	$ 260,959	$ 425,903
Professional Fees and Contracted Services	88,104	398	29,292	3,909	5,172	11,709	6,167
Supplies	79,250	3,420	12,453	1,590	16,936	2,590	12,514
Telecommunications	101,059	419	13,276	2,189	9,297	6,695	10,018
Postage and Shipping	15,397	27	507	-	396	113	456
Occupancy	256,210	-	24,933	-	96,915	7,407	19,942
Equipment Rent and Maintenance	52,724	2,821	1,735	-	638	3,369	5,807
Printing, Publications, and Media	6,850	18	512	37	193	130	64
Travel and Transportation	244,898	1,320	3,632	3,175	2,895	23,858	13,023
Conferences and Meetings	1,809	-	212	182	94	406	51
Dues and Memberships	130	-	-	-	-	-	-
Specific Assistance	-	148,861	-	-	-	-	-
Insurance	30,086	1,316	1,493	489	2,056	1,943	2,888
Interest	-	-	-	-	-	-	-
Auditing Fees	-	-	-	-	-	-	-
Bad Debt Expense	33,393	-	-	12,116	-	26,576	21,345
Staff Training and Development	4,469	-	73	10	372	157	97
Miscellaneous	22,032	25,854	(351)	1,507	5,311	1,886	2,129
Depreciation	20,543	898	1,019	334	1,404	1,327	1,972
Total Functional Expenses	5,511,305	241,000	273,412	76,708	376,590	349,125	522,376
National Membership Dues	-	-	-	-	-	-	-
Total Functional Expenses with National Membership Dues	$ 5,511,305	$ 241,000	$ 273,412	$ 76,708	$ 376,590	$ 349,125	$ 522,376

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2017

	Program Services			Support Services			
	System Point of Entry (All Regions)	Direct Services	Program Services Totals	Management and General	Fundraising	Support Services Totals	Total
Salaries and Employee Benefits	$ 974,410	$ -	$ 6,741,978	$ 552,494	$ 74,072	$ 626,566	$ 7,368,544
Professional Fees and Contracted Services	9,454	-	154,205	69,006	437	69,443	223,648
Supplies	39,094	49	167,896	27,273	8,832	36,105	204,001
Telecommunications	38,565	-	181,518	9,141	461	9,602	191,120
Postage and Shipping	14,773	-	31,669	2,609	152	2,761	34,430
Occupancy	105,544	-	510,951	21,647	-	21,647	532,598
Equipment Rent and Maintenance	24,448	-	91,542	5,901	-	5,901	97,443
Printing, Publications, and Media	1,662	-	9,466	908	3,210	4,118	13,584
Travel and Transportation	70,643	4,396	367,840	35,536	5,860	41,396	409,236
Conferences and Meetings	788	263	3,805	7,339	10,965	18,304	22,109
Dues and Memberships	12	-	142	2,259	-	2,259	2,401
Specific Assistance	-	13,987	162,848	-	-	-	162,848
Insurance	7,249	515	48,035	4,486	650	5,136	53,171
Interest	-	-	-	954	-	954	954
Auditing Fees	11,425	-	11,425	22,286	-	22,286	33,711
Bad Debt Expense	-	-	93,430	-	-	-	93,430
Staff Training and Development	1,363	-	6,541	-	82	82	6,623
Miscellaneous	23,181	19	81,568	9,546	13,809	23,355	104,923
Depreciation	4,949	71	32,517	3,063	444	3,507	36,024
Total Functional Expenses	1,327,560	19,300	8,697,376	774,448	118,974	893,422	9,590,798
National Membership Dues	-	-	-	47,204	-	47,204	47,204
Total Functional Expenses with National Membership Dues	$ 1,327,560	$ 19,300	$ 8,697,376	$ 821,652	$ 118,974	$ 940,626	$ 9,638,002

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services							
			Mental Health Services					
	Case Management (All Regions)	Integrated Community Engagement (I & II)	Shreveport Crisis Services	Shreveport Community Psychiatric Support Treatment	Shreveport Residential	Monroe Residential	Monroe Intensive Case Management	Monroe Disaster Case Management
Salaries and Employee Benefits	$ 4,577,645	$ 57,623	$ 261,481	$ 74,858	$ 190,917	$ 45,436	$ 272,703	$ 25,219
Professional Fees and Contracted Services	59,611	234	21,994	15,343	5,069	291	9,048	91
Supplies	44,796	-	11,794	1,099	17,229	420	2,499	10,307
Telecommunications	88,044	-	20,905	2,246	4,205	1,479	6,947	6,065
Postage and Shipping	18,144	-	44	-	743	139	689	-
Occupancy	275,513	-	14,375	-	96,508	57,375	10,055	806
Equipment Rent and Maintenance	77,596	1,157	4,990	585	2,195	1,389	6,236	120
Printing, Publications, and Media	16,262	18	939	523	1,421	210	1,179	64
Travel and Transportation	250,469	-	8,414	7,433	2,304	1,207	34,967	211
Conferences and Meetings	4,734	-	2,057	89	752	14	851	-
Dues and Memberships	39	-	-	-	-	-	-	-
Specific Assistance	-	139,219	1,319	-	-	-	-	-
Insurance	25,719	1,007	1,637	508	1,539	504	1,810	203
Auditing Fees	-	-	-	-	-	-	-	-
Bad Debt Expense	78,186	-	-	4,821	-	-	41,034	-
In-Kind Expenses	-	-	-	-	-	-	-	-
Miscellaneous	31,287	17,938	3,257	1,973	9,177	239	2,342	692
Depreciation	20,958	820	1,334	414	1,254	411	1,475	166
Total Functional Expenses	5,569,003	218,016	354,540	109,892	333,313	109,114	391,835	43,944
National Membership Dues	-	-	-	-	-	-	-	-
Total Functional Expenses with National Membership Dues	$ 5,569,003	$ 218,016	$ 354,540	$ 109,892	$ 333,313	$ 109,114	$ 391,835	$ 43,944

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2016

	Program Services				Support Services			
	Unity Permanent Supportive Housing	System Point of Entry (All Regions)	Direct Services	Program Services Totals	Management and General	Fundraising	Support Services Totals	Total
Salaries and Employee Benefits	$ 18,064	$ 964,705	$ 18,633	$ 6,507,284	$ 489,300	$ 61,775	$ 551,075	$ 7,058,359
Professional Fees and Contracted Services	-	4,267	-	115,948	35,734	25,749	61,483	177,431
Supplies	-	23,984	855	112,983	13,592	7,628	21,220	134,203
Telecommunications	228	36,922	-	167,041	9,220	566	9,786	176,827
Postage and Shipping	14	15,121	150	35,044	1,694	281	1,975	37,019
Occupancy	1,585	104,242	-	560,459	21,125	-	21,125	581,584
Equipment Rent and Maintenance	-	28,134	-	122,402	7,665	335	8,000	130,402
Printing, Publications, and Media	-	4,437	-	25,053	4,931	3,962	8,893	33,946
Travel and Transportation	1,620	62,590	-	369,215	29,078	3,422	32,500	401,715
Conferences and Meetings	-	2,152	431	11,080	10,240	1,209	11,449	22,529
Dues and Memberships	-	42	-	81	3,133	210	3,343	3,424
Specific Assistance	91,314	-	25,999	257,851	-	-	-	257,851
Insurance	692	5,890	219	39,728	3,207	1,485	4,692	44,420
Auditing Fees	-	11,000	-	11,000	8,590	-	8,590	19,590
Bad Debt Expense	-	-	-	124,041	-	-	-	124,041
In-Kind Expenses	35,744	-		35,744	-	-	-	35,744
Miscellaneous	-	6,984	1,000	74,889	17,039	7,000	24,039	98,928
Depreciation	564	4,799	179	32,374	2,613	428	3,041	35,415
Total Functional Expenses	149,825	1,275,269	47,466	8,602,217	657,161	114,050	771,211	9,373,428
National Membership Dues	-	-	-	-	37,226	-	37,226	37,226
Total Functional Expenses with National Membership Dues	$ 149,825	$ 1,275,269	$ 47,466	$ 8,602,217	$ 694,387	$ 114,050	$ 808,437	$ 9,410,654

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

EASTER SEALS LOUISIANA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

		2017		2016
Cash Flows from Operating Activities				
Change in Net Assets	**$**	**641,487**	$	(182,718)
Adjustments to Reconcile Change in Net Assets to				
Net Cash (Used in) Provided by Operating Activities				
Depreciation		**36,024**		35,415
Bad Debt Expense		**93,430**		124,041
Net Realized and Unrealized (Gain) Loss on Investments		**(112,838)**		63,610
Realized Gain from Sale of Land		**(16,651)**		-
(Increase) Decrease in Operating Assets				
Cash Equivalents Designated for Investments		**(64,111)**		67,842
Cash Designated for Capital Projects		**598**		(95,035)
Accounts Receivable		**(482,465)**		69,268
Prepaid Expenses and Deposits		**(1,534)**		(7,637)
Unemployment Trust		**(6,408)**		18,610
Beneficial Interest in Asset Held by Others		**-**		(2,764)
Increase (Decrease) in Operating Liabilities				
Accounts Payable		**(12,707)**		5,024
Payroll Taxes Payable		**7,912**		-
Other Liabilities		**3,143**		7,684
Accrued Vacation		**(129,802)**		14,191
Net Cash (Used in) Provided by Operating Activities		**(43,922)**		117,531
Cash Flows from Investing Activities				
Purchases of Investments		**(691,473)**		(1,016,447)
Proceeds from Sales of Investments		**742,190**		939,111
Proceeds from Sale of Land		**32,869**		-
Purchases of Furniture and Equipment		**-**		(23,575)
Net Cash Provided by (Used in) Investing Activities		**83,586**		(100,911)
Net Increase in Cash Used for Operations		**39,664**		16,620
Cash Used for Operations, Beginning of Year		**81,491**		64,871
Cash Used for Operations, End of Year	**$**	**121,155**	$	81,491
Supplemental Disclosure of Cash Flow Information				
Cash Paid for Interest	**$**	**954**	$	-

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

Note 1. Nature of Activities

Easter Seals Louisiana, Inc. (the Organization), is a nonprofit, community-based healthcare agency organized under the laws of the State of Louisiana. The mission of the Organization is to help children and adults with disabilities, and their families, obtain, and effectively utilize resources necessary to lead more independent and purposeful lives. The Organization maintains programs and services that create an acceptance toward people with disabilities through the following: Camperships, Equipment Loans and Specific Assistance, Support Coordination (Case Management), Mental Health Services, and Early Intervention Services.

Note 2. Summary of Significant Accounting Policies

Organization and Income Taxes

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana in 1951. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the code. It is also exempt from Louisiana income tax under the authority of Louisiana Revised Statute (LRS) 47:121(5).

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities.* Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

Cash Flow Information

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Organization did not make any cash payments for income taxes during the years ended June 30, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Note 2. Summary of Significant Accounting Policies (Continued)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Accounts Receivable

The Organization provides services under contracts entered into with various state and federal agencies. Accounts receivable include amounts billed under these contracts and amounts due from patients for services provided.

A major portion of the accounts receivable balances as of June 30, 2017 and 2016 is from the Louisiana Department of Health and Hospitals. Management closely monitors outstanding accounts receivable and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. As of June 30, 2017 and 2016, the allowance for uncollectible receivables was $17,059 and $134,369, respectively.

Furniture and Equipment

Furniture and equipment is recorded at cost. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments of $1,000 or greater are capitalized. Depreciation is computed on the straight-line method over the estimated useful life of each asset which ranges from five to seven years. Donated property is recorded at its fair market value at the date of donation.

Allocated Expenses

The costs of providing the various programs and other activities are summarized in the statements of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 3. Unemployment Trust

The Organization self-insures for unemployment expenses via the Unemployment Services Trust. The unemployment trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the unemployment trust is based on the gross balance of the account less an estimate of actual claims. The net recorded balance as of June 30, 2017 and 2016, was $113,505 and $107,097, respectively.

Note 4. Investments

Investments are summarized as follows at June 30, 2017 and 2016:

2017		**Cost**		**Fair Market Value**
Common Stocks	**$**	**567,257**	**$**	**678,783**
Equity Mutual Funds		**178,676**		**196,875**
Corporate Bonds		**309,828**		**315,606**
Bond Mutual Funds		**277,326**		**275,139**
Total	**$**	**1,333,087**	**$**	**1,466,403**

2016		Cost		Fair Market Value
Common Stocks	$	675,540	$	654,287
Equity Mutual Funds		152,422		147,718
Corporate Bonds		289,451		299,319
Bond Mutual Funds		299,140		302,957
Total	$	1,416,553	$	1,404,281

The following schedule summarizes the investment gain (loss) shown in the statements of activities and changes in net assets for the years ended June 30, 2017 and 2016:

		2017		2016
Interest and Dividend Income, Net of Expenses	**$**	**24,116**	$	47
Unrealized and Realized Gain (Loss), Net		**112,838**		(63,610)
Net Investment Gain (Loss)	**$**	**136,954**	$	(63,563)

Note 5. Fair Value Measurements

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC Topic 820 establishes a fair value hierarchy which prioritizes inputs to the valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (observable inputs) or they may be internally developed (unobservable inputs). The fair value hierarchy prioritizes the inputs to the valuation techniques used to measure fair value into three broad categories. These categories include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The market approach is used for valuing common stocks, equity mutual funds, and bond mutual funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of the Organization’s investment portfolio consists of corporate bonds, which may not trade on a daily basis. Corporate bonds are generally valued based upon quoted market prices from brokers and dealers, which represent fair value, and are classified within Level 2.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5. Fair Value Measurements (Continued)

Assets measured at fair value are comprised of the following as of June 30, 2017 and 2016:

		Based on		
2017	**Total Assets Measured at Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Common Stocks	**$ 678,783**	**$ 678,783**	**$ -**	**$ -**
Equity Mutual Funds	**196,875**	**196,875**	**-**	**-**
Corporate Bonds	**315,606**	**191,568**	**124,038**	**-**
Bond Mutual Funds	**275,139**	**275,139**	**-**	**-**
Total	**$ 1,466,403**	**$ 1,342,365**	**$ 124,038**	**$ -**

		Based on		
2016	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common Stocks	$ 654,287	$ 654,287	$ -	$ -
Equity Mutual Funds	147,718	147,718	-	-
Corporate Bonds	299,319	143,825	155,494	-
Bond Mutual Funds	302,957	302,957	-	-
Total	$ 1,404,281	$ 1,248,787	$ 155,494	$ -

Note 6. Board-Designated Endowment

In May 2013, an endowment fund was established by the Board of Directors in the form of investments with the purpose of providing perpetual financial support to the Organization. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions imposed by a donor. The funds in the investment portfolio are not anticipated to be utilized for the daily operations of the Organization, and as such, are invested over a long-term investment horizon. The endowment fund uses a total-return based spending policy, which means that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments. A distribution of fund assets is permitted to the extent that such distributions do not exceed a level that would erode the portfolio's real assets over time. As of June 30, 2017 and 2016, no appropriations have been made from the endowment.

Note 6. Board-Designated Endowment (Continued)

The investment strategy of the portfolio is to provide for capital appreciation over the long-term, deploying a moderate growth investment objective. The portfolio is managed in a way that reflects an above average risk tolerance and the ability to accept higher levels of volatility while seeking to achieve annual returns of 5% to 8% above the rate of inflation. In order to accomplish this, the investment advisor is instructed to invest the portfolio using an allocation of both equities and fixed income securities. With regards to equity securities held in the portfolio, the investment manager is not restricted in its selection of securities. However, the Organization retains the right to request the divestiture of any security it may find objectionable. With regards to fixed income securities, securities which are deemed suitable for the portfolio will be of investment grade and represent obligations of the U.S. Government or its agencies and/or domestic corporations.

To implement the investment strategy outlined above, the investment manager will invest the portfolio as follows:

Asset Class	Strategic %	Minimum	Maximum
Cash and Cash Equivalents	5%	0%	5%
Fixed Income	30%	20%	50%
Equities	65%	50%	80%

Endowment fund net asset composition by type of fund as of June 30, 2017 and 2016 are as follows:

2017	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total Endowment Fund Net Assets**
Board-Designated Endowment Fund	**$ 1,602,328**	**$ -**	**$ -**	**$ 1,602,328**
Total	**$ 1,602,328**	**$ -**	**$ -**	**$ 1,602,328**

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Fund Net Assets
Board-Designated Endowment Fund	$ 1,476,095	$ -	$ -	$ 1,476,095
Total	$ 1,476,095	$ -	$ -	$ 1,476,095

Note 6. Board-Designated Endowment (Continued)

Changes in endowment fund net assets for the years ended June 30, 2017 and 2016, were as follows:

2017	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total Endowment Fund Net Assets**
Net Assets, Beginning of Year	**$ 1,476,095**	**$ -**	**$ -**	**$ 1,476,095**
Contributions	**-**	**-**	**-**	**-**
Investment Earnings				
Unrealized and Realized Gain, Net	**112,838**	**-**	**-**	**112,838**
Dividends and Interest	**26,274**	**-**	**-**	**26,274**
Appropriated for Expenditure	**-**	**-**	**-**	**-**
Investment Expense	**(12,879)**	**-**	**-**	**(12,879)**
Net Assets, End of Year	**$ 1,602,328**	**$ -**	**$ -**	**$ 1,602,328**

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Fund Net Assets
Net Assets, Beginning of Year	$ 1,530,212	$ -	$ -	$ 1,530,212
Contributions	-	-	-	-
Investment Earnings				
Unrealized and Realized Loss, Net	(63,610)	-	-	(63,610)
Dividends and Interest	22,808	-	-	22,808
Appropriated for Expenditure	-	-	-	-
Investment Expense	(13,315)	-	-	(13,315)
Net Assets, End of Year	$ 1,476,095	$ -	$ -	$ 1,476,095

Note 7. Beneficial Interest in Asset Held by Others

During the year ended June 30, 2015, the Organization was made aware of a gift annuity contract entered into by a donor wherein the Organization is to receive 75% of the remainder. As of June 30, 2017 and 2016, the balance estimated to be received by the Organization was $8,296.

Note 8. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 9. Furniture and Equipment

The following is a summary of furniture and equipment at June 30, 2017 and 2016:

	2017	2016
Furniture and Fixtures	**$ 54,396**	$ 54,396
Office Equipment	**237,215**	237,215
Total Furniture and Equipment	**291,611**	291,611
Less: Accumulated Depreciation	**(261,097)**	(225,072)
Total Furniture and Equipment, Net	**$ 30,514**	$ 66,539

Depreciation expense was $36,024 and $35,415, for the years ended June 30, 2017 and 2016, respectively.

Note 10. Operating Leases

The Organization leases certain office facilities in New Orleans, Shreveport, Covington, Monroe, Alexandria, and Thibodaux. The payments on the leases range from $600 to $11,480 per month. Rent expense related to operating leases was approximately $512,000 and $640,000, for the years ended June 30, 2017 and 2016, respectively.

Note 10. Operating Leases (Continued)

The future minimum lease payments under the above described non-cancelable leases are as follows.

Years Ending June 30,	Amount
2018	$ 359,232
2019	259,467
2020	184,560
2021	184,560
Total	$ 987,819

Note 11. Line of Credit

The Organization has a $500,000 revolving bank line of credit. Interest is payable at the prime rate, plus 1.25% points, with a floor of 4.50%. The interest rate was 5.50% and 4.75% as of June 30, 2017 and 2016, respectively. All unpaid interest and principal is due on March 9, 2018. The loan is secured with receivables and property, furniture, and equipment. There was no outstanding balance on the line of credit as of June 30, 2017 and 2016.

Note 12. Net Assets

As further explained in Note 6, a portion of the unrestricted net assets has been designated by the Board of Directors to be used for specific purposes. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes and are used as an aid in planning future expenditures and investing. Information regarding the components of unrestricted net assets at June 30, 2017 and 2016, is as follows:

	2017	2016
Undesignated Net Assets	**$ 1,637,225**	$ 1,121,373
Designated Net Assets		
Designated for Endowment	**1,602,328**	1,476,095
Designated for Capital Projects	**672,197**	672,795
Total Designated Net Assets	**2,274,525**	2,148,890
Total Unrestricted Net Assets	**$ 3,911,750**	$ 3,270,263

Note 13. Related Party Transactions

The Organization is affiliated with Easter Seals, Inc. (Easter Seals) and pays an annual membership fee. For the years ended June 30, 2017 and 2016, the fee was $47,204 and $37,226, respectively. Easter Seals provides supplies for certain campaigns and charges the Organization for those supplies. Easter Seals also remits to the Organization contributions collected on behalf of the Organization. There was $3,198 and $-0- due to Easter Seals as of June 30, 2017 and 2016, respectively.

Note 14. Significant Contracts and Grants

For the years ended June 30, 2017 and 2016, approximately $6,099,000 and $5,821,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a Medicaid fiscal intermediary, and approximately $1,450,000 and $1,370,000, respectively, of contract revenue was from the State of Louisiana Department of Health and Hospitals acting as a pass-through entity for federal grants. The State of Louisiana provides annual contracts to the Organization which grant the State of Louisiana the right to audit program accounts and activities. The State, acting as the Medicaid intermediary for Medicaid patients, reimburses services rendered to Medicaid program beneficiaries under an allowable cost reimbursement formula that is subject to audit and retroactive adjustments. Management believes that the Organization is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 15. Pension Plan

The Organization sponsors a defined contribution profit sharing plan covering substantially all employees of the Organization who have one year of eligible service. The plan provided for contributions by the Organization equal to 2% of eligible compensation for each eligible employee for the years ended June 30, 2017 and 2016. The Organization incurred contribution expense of $85,421 and $89,910, for the years ended June 30, 2017 and 2016, respectively.

Note 16. Functional Allocation of Expenses

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

Note 17. Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2017 and 2016.

Note 18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 19, 2017, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

EASTER SEALS LOUISIANA, INC.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2017

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended LRS 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Tracy Garner, Chief Executive Officer

Purpose	Compensation and Benefits Funded by Use of Public Funds
Salary	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Cell and Data Plan	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$0
Mileage	$0
Registration Fees	$0
Conference Travel	$0
Professional Dues/ Memberships	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0

See independent auditor’s report.

UNIFORM GUIDANCE SECTION

EASTER SEALS LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Entity/ Program Title	Federal CFDA Number	Pass-Through Award Number	Federal Expenditures
United States Department of Housing and Urban Development			
Passed through HOPE Connections:			
Continuum of Care	14.267	LA0161L6H021504	$ 227,827
Total United States Department of Housing and Urban Development			227,827
United States Department of Education			
Passed through the Louisiana Department of Health and Hospitals:			
Special Education - Grants for Infants and Families with Disabilities	84.181	060724	455,672
	84.181	060750	387,035
	84.181	060751	607,578
Total United States Department of Education			1,450,285
United States Department of Homeland Security			
Passed through State of Louisiana Office of Community Development			
Disaster Case Management	97.036	PO 2000199240	499,190
Total United States Department of Homeland Security			499,190
Total Expenditures of Federal Awards			$ 2,177,302

See notes to schedule of expenditures of federal awards.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Easter Seals Louisiana, Inc. (the Organization) and is prepared in accordance with the accrual method of accounting. The information in this schedule is presented in accordance with the 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).

Payments to Subrecipients

There were no payments to subrecipients for the year ended June 30, 2017.

Note 2. Findings of Noncompliance

There are no findings of noncompliance disclosed in the accompanying schedule of findings and questioned costs.

Note 3. De Minimis Cost Rate

The Organization uses the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

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 Easter Seals Louisiana, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
October 19, 2017

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

Report on Compliance for Each Major Federal Program
We have audited Easter Seals Louisiana, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization'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 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 the Organization's 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 the Organization's 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 the Organization's compliance.

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with 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 the Organization's internal control over compliance.

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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's 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.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
October 19, 2017

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program
97.036	Disaster Case Management

Dollar threshold used to determine Type A Programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. FINANCIAL STATEMENT FINDINGS

2017-001 Maintenance of Records / Supporting Documentation

Criteria: The Organization should have a proper system in place to ensure that accurate and complete documentation is maintained to support transactions.

Condition: There was a lack of adequately implemented controls over review processes related to the documentation of certain transactions.

Context: During the year, the Organization experienced significant turnover. Staffing changes contributed to the Organization not having the proper controls in place to ensure accurate and complete documentation maintenance to support cash disbursements.

During audit testing, we noted the following:

- Support for certain transactions could not be located, and documentation for these transactions needed to be requested from vendors.
- Support for certain cash disbursements did not agree to the amounts recorded in the general ledger.
- Certain submissions for federal reimbursement grants required resubmission after being rejected due to lack of adequate documentation supporting the allowability of the expenditure.

Cause: The Organization did not adequately consider the effect of the change in personnel and the impact on key control processes over the review and supervision of the maintenance of records and supporting documentation.

Effect: Without adequate controls over the maintenance of records and supporting documentation, the Organization could fail to identify errors and malfeasance related to cash transactions and increase the risk of the loss of a proper audit trail. In addition, costs may potentially be disallowed from funding sources, and there is an increased risk of noncompliance with grant requirements.

Recommendation: It is recommended that the Organization review its controls over maintenance of records and supporting documentation in light of the changes in personnel to ensure that accurate and adequate documentation is maintained.

Management's Response: Steps to improve the maintenance of records and supporting documentation have already been implemented. Effective July 1, 2017, all invoices along with the proof of payment are being scanned and saved on the company server in folders for individual vendors. Additionally, upon review and evaluation of our needs, we modified the prior position of accountant to that of controller in July 2017 and hired a licensed CPA to enhance the quality of all accounting functions.

Section II. FINANCIAL STATEMENT FINDINGS (Continued)

2017-001 Maintenance of Records / Supporting Documentation (Continued)

Management's Response (Continued):
In addition to accounts payable, Easter Seals Louisiana has implemented the process of limiting the amount of paper documents it has on hand. To the extent possible, paper documents will be saved in electronic format on the company server.

We are confident that the steps we have in place will greatly improve and enhance our accounting procedures.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

U.S. Department of Homeland Security

Disaster Case Management - CFDA 97.036

2017-001 Maintenance of Records / Supporting Documentation

This finding is detailed in the Financial Statement Findings section above as finding 2017-001.

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.