

AUDUBON HEALTH SERVICES
AUDITED FINANCIAL STATEMENTS

September 30, 2014



TWRU

CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Audubon Health Services
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Audubon Health Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities 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 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 Audubon Health Services as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of Audubon Health Services' 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 Audubon Health Services' internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
March 30, 2015



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AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION
September 30, 2014

ASSETS

CURRENT ASSETS:

Cash - General Fund	\$ 1,831
Cash - Provider Account	4,831
Cash - Administration	15,090
Federal Funds Receivable	<u>58,357</u>

TOTAL ASSETS (ALL CURRENT)	<u>\$ 80,109</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Payroll Taxes Payable	\$ 1,665
Payable to Providers	<u>47,197</u>

TOTAL CURRENT LIABILITIES	\$ 48,862
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NON-CURRENT LIABILITIES:

Loan from Director	<u>6,604</u>
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TOTAL LIABILITIES	55,466
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NET ASSETS:

Temporarily Restricted	5,787
Unrestricted	<u>18,856</u>
TOTAL NET ASSETS	<u>24,643</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 80,109</u>
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See Accompanying Notes to Financial Statements

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

	Temporarily Restricted (CACFP Program)	Unrestricted (General Fund)	Total
SUPPORT:			
Contributions	\$ -	\$ 2,199	\$ 2,199
Administrative Program	149,332	-	149,332
Miscellaneous Income	675,442	-	675,442
	-	703	703
TOTAL SUPPORT	824,774	2,902	827,676
PROGRAM EXPENDITURES:			
Provider Payments	676,335	-	676,335
TOTAL PROGRAM EXPENDITURES	676,335	-	676,335
ADMINISTRATIVE EXPENDITURES:			
Personnel Costs	106,224	-	106,224
Routine Travel	4,531	-	4,531
Training - Provider	1,150	-	1,150
Training - Staff	980	-	980
Office/Operating Costs	20,689	-	20,689
Contract Costs-Accounting	7,200	-	7,200
Contract Costs-Other	3,015	-	3,015
Registry Costs	255	-	255
TOTAL ADMINISTRATIVE EXPENDITURES	144,044	-	144,044
TOTAL EXPENDITURES	820,379	-	820,379
INCREASE (DECREASE) IN NET ASSETS	4,395	2,902	7,297
NET ASSETS, BEGINNING OF YEAR	1,392	15,954	17,346
NET ASSETS, END OF YEAR	\$ 5,787	\$ 18,856	\$ 24,643

See Accompanying Notes to Financial Statements

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Federal Sources	\$ 825,971
Cash Received from Contributions	1,130
Cash Received from Other Sources	1,069
Cash Paid to Providers	(676,353)
Cash Paid to Personnel	(101,173)
Cash Paid for Expenses	<u>(42,008)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 8,636</u>
 NET INCREASE IN CASH	 8,636
 CASH, BEGINNING OF YEAR	 <u>13,116</u>
 CASH, END OF YEAR	 <u><u>\$ 21,752</u></u>

See Accompanying Notes to Financial Statements



AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Audubon Health Services (the Sponsor) is a not-for-profit organization located in Baton Rouge, Louisiana. The Sponsor provides administrative services for Family Day Care Home Program Providers in a five-parish area in Southern Louisiana.

The Child Care Food Program (CCFP) was enacted and maintained under Public Law 90-302 (May 8, 1968), 94-105 (October 7, 1975), 95-627 (November 10, 1978) and 95-35 (August 13, 1981). Public law 101-147 changed the name of the program to the Child and Adult Care Food Program (CACFP). The program is currently being administered under 7 CFR, Part 226. The program reimburses a subsidy to the Sponsor based on attendance records of the Providers.

Support – The Sponsor receives a grant subsidy from the CACFP Program. Administrative reimbursements are paid at a set dollar amount per provider and program reimbursements are a set dollar amount per meal served to attending children at the participating providers. The grant contract period is one year in length and must be renewed annually.

Cash and Cash Equivalents – For purposes of the financial statements, cash includes all cash in banks with a maturity of less than three months.

Allowance for Doubtful Accounts – The Sponsor considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Capitalization and Depreciation – Equipment and furniture costing under \$2,500 is expensed when purchased. No depreciation was calculated for the year ended September 30, 2014.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Advertising Costs – It is the Sponsor's policy to expense advertising costs as incurred.

Income Taxes – The Sponsor is a non-profit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

NOTE 2 – FEDERAL FUNDS RECEIVABLE

Reimbursements receivable represents the claim reimbursements due from the Louisiana Department of Education. No allowance has been set up.

NOTE 3 – RELATED PARTY TRANSACTIONS

In prior years the director loaned the general fund \$6,604 to cover transfers needed to operate the administrative account. As of September 30, 2014, the sponsor owed the director \$6,604. This loan is without interest and has no stated maturity.

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 4 – LEASES

The Sponsor leases office space on a month to month lease for \$793 per month. In March 2014, the rent increased to \$794 per month. During the year the Sponsor paid \$9,523 in rent which is included in operating costs.

NOTE 5 – INCOME TAXES

The Sponsor adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Sponsor does not believe it has any uncertain tax positions at September 30, 2014.

With few exceptions, the statute of limitations for examination of the Sponsor's income tax returns is generally three years from the date of the tax return including extensions. The tax years open for assessment is the year ending on or after September 30, 2011.

NOTE 6 – SUPPLEMENTAL CASH FLOW DISCLOSURES

Reconciliation of increase in net assets to net cash provided by operating activities:

Increase in net assets	\$ 7,297
Adjustments to reconcile increase in net assets to Net cash provided by operating activities:	
Decrease in federal funds receivable	1,197
Increase in payroll taxes payable	160
Decrease in payable to providers	<u>(18)</u>
Net cash provided by operating activities	<u>\$ 8,636</u>

NOTE 7 – RESTRICTION ON NET ASSETS

Temporarily restricted net assets consist of Federal funds received for use with CACFP. The temporarily restricted net assets represent CACFP administrative funds carried over for use in future period.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through, March 30, 2015, the date that the financial statements were available to be issued.

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying No	Federal Expenditures
U.S. Department of Agriculture/			
Pass-through program from:			
Louisiana Department of Education			
Child and Adult Care Food Program	10.558	FDCHFP-7D	\$ 820,379

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Audubon Health Services under programs of the federal government for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Audubon Health Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Audubon Health Services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.



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
Audubon Health Services
Baton Rouge, 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 Audubon Health Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 March 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Audubon Health Services' 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 Audubon Health Services' 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. See finding 2014-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audubon Health Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2014-1.

Audubon Health Services' Response to Findings

Audubon Health Services' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audubon Health Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
March 30, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Audubon Health Services
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Audubon Health Services' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Audubon Health Services' major federal programs for the year ended September 30, 2014. Audubon Health Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Audubon Health Services' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Audubon Health Services' 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 Audubon Health Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Audubon Health Services 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 September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-1. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Audubon Health Services 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 Audubon Health Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Audubon Health Services' 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-1 that we consider to be a significant deficiency.

Audubon Health Services' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Audubon Health Service's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
March 30, 2015



AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Audubon Health Services.
2. One significant deficiency disclosed during the audit of the financial statements is reported in Schedule of Findings and Questioned Costs. No material weaknesses are reported.
3. One instance of noncompliance material to the financial statements of Audubon Health Services, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Schedule of Findings and Questioned Costs. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs of Audubon Health Services expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as major program was:
 Child and Adult Care Food Program
 CFDA Number 10.558.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Audubon Health Services was determined not to be a low-risk auditee.

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2014

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

Finding Reference Number 2014-01

Condition:	For the year ended September 30, 2013, the annual audit report was not submitted to Single Audit Clearing House within nine months of year end.
Criteria:	Regulations require an annual audit in accordance with Circular A133 be completed nine months after year end.
Effect:	The Organization was late submitting the audit.
Cause:	The Organization had not had an audit requirement for past eight years and simply did not plan timely for the requirement.
Recommendation:	Management should ensure that the books and records are ready for audit so that the audit can be completed and submitted to all parties by June 30 of each year.
Auditors' Summary of Auditee's Comments:	Management has established in writing with the audit firm that the audit will be submitted timely as part of the annual audit engagement.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

See Financial Statement finding 2014-01. No questioned costs to report.

AUDUBON HEALTH SERVICES
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2013

Finding Reference Number 2013-01

Condition:	For the year ended September 30, 2012, the annual audit report was not submitted to Single Audit Clearing House within nine months of year end.
Criteria:	Regulations require an annual audit in accordance with Circular A133 be completed nine months after year end.
Effect:	The Organization was late submitting the audit.
Cause:	The Organization had not had an audit requirement for past eight years and simply did not plan timely for the requirement.
Recommendation:	Management should ensure that the books and records are ready for audit so that the audit can be completed and submitted to all parties by June 30 of each year.
Auditors' Summary of Auditee's Comments:	Management will work together with its auditors to develop efficiencies in future years in order to avoid late submission of the annual audit.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

See Financial Statement finding 2013-01. No questioned costs to report.