

YWCA GREATER BATON ROUGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 09 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
YWCA Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Greater Baton Rouge as of December 31, 2012, 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 Matter

Report on summarized comparative information

We have previously audited the YWCA Greater Baton Rouge's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it is derived

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2013, on our consideration of YWCA Greater Baton Rouge'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 YWCA Greater Baton Rouge's internal control over financial reporting and compliance

Latuso + Johnson CPA, LLC

Baton Rouge, Louisiana
May 22, 2013

**YWCA GREATER BATON ROUGE
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

<u>ASSETS</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
Current Assets				
Cash and Cash Equivalents (Note 1)	\$ 97,568	\$ 43,750	\$ 141,318	\$ 214,157
Accounts Receivable	31,369	-	31,369	4,398
Government Grants Receivable	110,942	-	110,942	69,159
Prepaid Expenses	9,855	-	9,855	10,105
	<u>249,734</u>	<u>43,750</u>	<u>293,484</u>	<u>297,819</u>
Property and Equipment, Net (Note 2)	82,001	-	82,001	124,024
Other Assets				
Software Maintenance Contracts - Net of Amortization of \$6,135	8,989	-	8,989	10,220
Total Assets	<u>\$ 340,724</u>	<u>\$ 43,750</u>	<u>\$ 384,474</u>	<u>\$ 432,063</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 67,146	\$ -	\$ 67,146	\$ 86,299
Notes Payable to Bank (Note 3)	98,519	-	98,519	106,277
Grant Advances (Note 4)	10,981	-	10,981	32,416
Accrued Payroll Expenses	13,044	-	13,044	43,641
Accrued Vacation	61,371	-	61,371	64,272
Other Current Liabilities	-	-	-	511
YWCA Regional Dues Payable (Note 7)	-	-	-	48,626
	<u>251,061</u>	<u>-</u>	<u>251,061</u>	<u>382,042</u>
Net Assets:				
Unrestricted	89,663	-	89,663	(29,979)
Temporarily Restricted (Note 5)	-	43,750	43,750	80,000
Total Net Assets	<u>89,663</u>	<u>43,750</u>	<u>133,413</u>	<u>50,021</u>
Total Liabilities and Net Assets	<u>\$ 340,724</u>	<u>\$ 43,750</u>	<u>\$ 384,474</u>	<u>\$ 432,063</u>

The accompanying notes are an integral part of these financial statements

**YWCA GREATER BATON ROUGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
Support and Revenue:				
Support				
Grants and Contracts	\$ 2,613,792	\$ 43,750	\$ 2,657,542	\$ 2,615,873
Contributions-In-Kind (Note 11)	327,498	-	327,498	314,622
United Way	110,063	-	110,063	121,112
Contributions	97,767	-	97,767	100,412
Forgiveness of Dues (Note 7)	48,625	-	48,625	-
Special Events	23,455	-	23,455	46,332
Total Support	<u>3,221,200</u>	<u>43,750</u>	<u>3,264,950</u>	<u>3,198,351</u>
Revenue				
Thrift Store Sales	3,622	-	3,622	50,845
Membership Dues	2,592	-	2,592	12,098
Interest Income	78	-	78	884
Gain on Endowment	-	-	-	207
Total Revenue	<u>6,292</u>	<u>-</u>	<u>6,292</u>	<u>64,034</u>
Net Assets Released from				
Restrictions	80,000	(80,000)	-	-
Total Support and Revenue	<u>3,307,492</u>	<u>(36,250)</u>	<u>3,271,242</u>	<u>3,262,385</u>
Expenses:				
Program Services	2,744,843	-	2,744,843	2,823,294
Thrift Store	12,270	-	12,270	124,498
Management and General	416,385	-	416,385	373,337
Fund Raising	14,352	-	14,352	14,265
Total Expenses	<u>3,187,850</u>	<u>-</u>	<u>3,187,850</u>	<u>3,335,394</u>
Change in Net Assets	119,642	(36,250)	83,392	(73,009)
Net Assets, Beginning of Year	<u>(29,979)</u>	<u>80,000</u>	<u>50,021</u>	<u>123,030</u>
Net Assets, End of Year	<u>\$ 89,663</u>	<u>\$ 43,750</u>	<u>\$ 133,413</u>	<u>\$ 50,021</u>

The accompanying notes are an integral part of these financial statements

**YWCA GREATER BATON ROUGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	2012	2011
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 83,392	\$ (73,009)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities		
Depreciation	43,596	82,530
Loss on disposition of property	3,677	-
Realized and Unrealized Gain on Endowment	-	(794)
Net Changes in Assets and Liabilities		
(Increase) Decrease in Receivables	(68,754)	17,023
Decrease (Increase) in Other Assets	1,481	(4,848)
(Decrease) Increase in Accounts Payable	(19,153)	58,689
Decrease in Grant Advances	(21,435)	(27,646)
(Decrease) Increase in Other Current Liabilities	(82,635)	46,412
Total Adjustments	(143,223)	171,366
Net Cash (Used) Provided by Operating Activities	(59,831)	98,357
Cash Flows From Investing Activities.		
Proceeds from Sale of Investments	-	33,917
Purchase of Equipment	(5,250)	-
Net Cash (Used) Provided by Investing Activities	(5,250)	33,917
Cash Flows From Financing Activities:		
(Repayments of) Proceeds from Short Term Borrowings, Net	(7,758)	27,490
Net Cash (Used) Provided by Financing Activities	(7,758)	27,490
Net (Decrease) Increase in Cash and Cash Equivalents	(72,839)	159,764
Cash and Cash Equivalents - Beginning of Year	214,157	54,393
Cash and Cash Equivalents - End of Year	\$ 141,318	\$ 214,157
Supplementary Information:		
Interest Paid	\$ 5,909	\$ 6,964

The accompanying notes are an integral part of these financial statements

**YWCA GREATER BATON ROUGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	<u>Support Services</u>				<u>2012 Totals</u>	<u>2011 Totals</u>
	<u>Program Services</u>	<u>Thrift Store</u>	<u>Management and General</u>	<u>Fund Raising</u>		
Salaries	\$ 1,474,625	\$ 2,723	\$ 129,105	\$ -	\$ 1,606,453	\$ 1,704,457
Contract Services	297,837	8	125,688	7,705	431,238	377,568
Donations-In Kind	299,247	3,895	24,356	-	327,498	314,622
Fringe Benefits	200,801	1,171	13,168	-	215,140	255,339
Supplies	136,169	30	20,320	877	157,396	134,933
Payroll Taxes	118,243	731	10,031	-	129,005	129,903
Occupancy	58,022	2,601	27,734	-	88,357	97,661
Insurance	24,285	-	9,664	297	34,246	51,567
YWCA Regional Dues	-	-	25,230	-	25,230	21,093
Conferences	19,659	-	4,291	-	23,950	41,028
Travel Expenses	22,640	-	-	-	22,640	33,103
Telecommunications	11,253	338	8,908	775	21,274	30,436
Staff Development	18,674	-	100	-	18,774	3,122
Interest and Bank Charges	-	773	9,568	60	10,401	11,358
Printing/Publications/Postage	6,797	-	2,828	219	9,844	11,502
Dues and Subscriptions	5,283	-	235	795	6,313	10,398
Equipment Rental & Maintenance	6,304	-	-	-	6,304	13,290
Special Events	-	-	-	3,624	3,624	5,390
Awards	1,144	-	289	-	1,433	1,004
Finger Printing & Background	841	-	-	-	841	719
Miscellaneous Expense	616	-	-	-	616	571
Penalties	-	-	-	-	-	3,800
Total Expenses						
Before Depreciation & Loss	2,702,440	12,270	411,515	14,352	3,140,577	3,252,864
Depreciation	38,726	-	4,870	-	43,596	82,530
Loss on Fixed Asset	3,677	-	-	-	3,677	-
Total Expenses	<u>\$ 2,744,843</u>	<u>\$ 12,270</u>	<u>\$ 416,385</u>	<u>\$ 14,352</u>	<u>\$ 3,187,850</u>	<u>\$ 3,335,394</u>

The accompanying notes are an integral part of these financial statements

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

YWCA Greater Baton Rouge (the "Organization") is a Louisiana non-profit corporation organized for the purpose of advancing the spiritual, intellectual, mental, social, cultural and physical condition of women and girls in the Baton Rouge area. The Organization is associated with the Young Women's Christian Association of the United States of America. The Organization is also a participating agency of and receives a portion of its annual funding needs from the Capital Area United Way. Other principal sources of revenues are grants, annual membership dues, donations and fees charged for various program activities. The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Net Assets

The Organization classifies assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

Contributions

All contributions are considered 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, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Assets and Services

Land, buildings and equipment received as donations are recognized in the accompanying financial statements at their estimated fair market value at the date they are received.

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from generally accepted accounting principles as it approximates the valuation method.

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 15 years, using the straight-line method.

Concentration of Credit

The Organization maintains cash accounts with one commercial bank. The balances have not exceeded the federally insured amount of \$250,000 during 2012.

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefitted based on the time spent on each program.

NOTE 2 - FIXED ASSETS

A summary of fixed assets at December 31, 2012 is as follows:

Vehicles	\$ 227,339
Equipment	301,723
Buildings and grounds	<u>348,113</u>
	877,175
Accumulated Depreciation	<u>(795,174)</u>
Net book value	<u>\$ 82,001</u>

Depreciation expense for the year ended December 31, 2012 was \$43,596.

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(CONTINUED)

NOTE 3 - NOTE PAYABLE

Short-term note payable in the amount of \$98,519 at December 31, 2012 consisted of a bank revolving line of credit of \$100,000 at the bank's index rate (6 %) at December 31, 2012.

NOTE 4 - GRANT ADVANCES

The organization often receives private grants which are intended by the grantor for certain general programs. The funds are subject to being reclaimed by the grantor should it be determined that the intended use is unlikely to occur. These grants are recorded as a liability until such time that they are used for the intended program. Once the intended use has been identified, the portion used is recognized as income in the period the related expense is incurred.

Grant advances at December 31, 2012 consisted of the one unspent grant from the Susan G Komen Foundation.

NOTE 5 - RESTRICTED NET ASSETS

As of December 31, 2011, restricted net assets consisted of an \$80,000 private grant for the purpose of supporting a new center for the Parent-Child Literacy Program. In 2012, the restriction was released by the Donor, and the funds were used for general operations.

As of December 31, 2012, restricted net assets consisted of a temporarily restricted grant from the Pennington Foundation.

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(CONTINUED)

NOTE 6 – LEASE COMMITMENTS

The Organization leases its administrative offices and one building under two noncancellable operating leases. In addition, certain occupancy costs for the day care center are allocated and charged to the YWCA

The Organization also rents storage facilities and equipment on a daily basis as needed. Total rent expense and allocated costs for the year ended December 31, 2012 was \$126,687

The future minimum lease payments are as follows:

December 31 :

2013	\$52,448
2014	<u>6,000</u>
	<u>\$58,448</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

As of December 31, 2011, the Organization owed accrued dues payable to the YWCA Southwest Delta Region in the amount of \$48,626. During the year ended December 31, 2012, the debt was forgiven

NOTE 8 – ECONOMIC DEPENDENCY

The Organization receives the majority of its revenues from funds provided through various state and federal grants. During the year ended December 31, 2012, approximately 74% of total revenue was received from Federal and State Grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Organization receives could be reduced significantly and could have an adverse impact on its operations.

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(CONTINUED)

NOTE 9 – RETIREMENT PLAN

Employees of the organization who meet minimum service requirements are eligible to participate in the National YWCA Retirement Fund. The Plan is a cash balance defined benefit plan. Employee contributions are optional. Employees are allowed to make voluntary contributions based on their compensation up to certain maximum limits. During the year ended December 31, 2012, the Organization contributed \$97,591, to the retirement plans, and these contributions are included as employee benefits in the accompanying financial statements.

The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer that participates in the plan.

NOTE 10 – FEDERAL COMPLIANCE CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

NOTE 11 - IN-KIND CONTRIBUTIONS

During the year ended December 31, 2012, the Organization received the following non-cash donations of material, services and free use of facilities that have been reflected in the accompanying financial statements in Support and Revenues as Contributions-In-Kind and Functional Expenses as Donations-In-Kind.

Volunteers, Interns and Professional Services	\$164,194
Food	74,139
Free or Discounted Use of Facilities	68,826
Supplies	7,119
Equipment Usage and Maintenance Services	6,925
Clothing for resale	3,895
Telephone	<u>2,400</u>
Total In Kind	<u>\$327,498</u>

YWCA GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(CONTINUED)

NOTE 11 - IN-KIND CONTRIBUTIONS (CONTINUED)

Generally accepted accounting principles require that only contributions of services received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of the Organization's grant awards. The Organization received contributions of nonprofessional volunteers during the year with a value of approximately \$18,663 for its Early Head Start program which are not recorded in the statement of activities.

NOTE 12 - MANAGEMENT CHANGES

In March 2012, there was a leadership transition that included the replacement of the CEO and Director of Finance positions by an experienced interim CEO (who served from March to October) and outsourced fiscal/accounting services (Execute Now!). In late October, 2012, the YWCA hired a new CEO, Jennifer Shoub, who came to the Organization with over 27 years of experience in non-profit management.

NOTE 13 - SUBSEQUENT EVENTS

Management of the Organization has evaluated all subsequent events through May 22, 2013, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

Latuso and Johnson CPA, LLC

Certified Public Accountants

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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 of
YWCA Greater Baton Rouge
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 YWCA Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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 May 22, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered YWCA Greater Baton Rouge'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 YWCA Greater Baton Rouge'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 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 as items 2012-1 and 2012-2 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA Greater Baton Rouge'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described as item 2012-3 in the accompanying schedules of findings and questioned costs.

YWCA Greater Baton Rouge's Response to Findings

YWCA Greater Baton Rouge's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. YWCA Greater Baton Rouge's 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 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.



Baton Rouge, Louisiana
May 22, 2013

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

- 1 The auditors' report expresses an unqualified opinion on the financial statements of YWCA Greater Baton Rouge
- 2 No material weaknesses and two significant deficiencies were disclosed during the audit of the financial statements and are included in this report
3. One instance of noncompliance was disclosed in accordance with *Government Auditing Standards*
- 4 A management letter was not issued

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION II - PRIOR YEAR FINDINGS

Finding 2011-1: Although bank reconciliations were prepared and approved for December 2011, they were not corrected for year end adjustments. Furthermore, the reconciliations that were completed had several old reconciling items that had not been investigated throughout the year.

Our Recommendation: When adjustments to the cash accounts are recorded, a new bank reconciliation should be prepared and approved. Old outstanding items should be investigated in a timely manner.

Action Taken: All bank reconciliations are now prepared monthly on a timely basis. A CPA working with the contracted fiscal/accounting service provider Execute Now! reviews and approves the reconciliations. Outstanding items are investigated within 10 days.

Finding 2011-2: Checks received from supporters were not deposited timely during the year. Although some checks were deposited on a weekly basis in December 2011, we noted three checks received during that month totaling \$98,542.78 that took at least 7 business days to be deposited.

Our Recommendation: Checks received should be deposited weekly, unless below an amount specified by management.

Action Taken: Beginning March 2012, the Interim CEO enforced the policy requiring bank deposits be made a minimum of twice per week.

Finding 2011-3: Adjusting journal entries were prepared by one person and support was not maintained. During our audit we noted the Finance Director did not maintain adequate supporting documentation to explain why several adjustments to payroll liabilities, accounts payable, and accounts receivable were made.

Our Recommendation: A copy of all adjusting journal entries should be maintained in a file. The entries should be adequately dated, explained and supported by documentation. The entries should be initialed by the preparer and the person who approved the adjustment.

Action Taken: Beginning in May, 2012, adjusting journal entries are maintained in a file with supporting documentation. The Senior Accountant with Execute Now! creates a required adjusting entry with explanation and supporting documentation. The Financial Director with Execute Now! reviews the adjusting entry and support. The CEO will approve all adjusting journal entries with supporting explanation and documentation submitted by Execute Now!.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-4 The accrual method of accounting was improperly used throughout the year. We discovered accounts receivable was often not properly adjusted as funds were received, causing the associated revenues to be overstated throughout the year. In addition, grant advances were recorded for receipts of reimbursements, causing revenues to be inaccurately recorded in the subsequent period.

Our Recommendation. Financial records should be maintained by personnel who have the appropriate education and experience to demonstrate expertise in financial reporting based on generally accepted accounting principles.

Action Taken. While this condition has improved, several balance sheet accounts were not reconciled by the accounting department. See current finding 2012-1

Finding 2011-5 We noted the billing of expense reimbursements for all programs were not prepared on a timely basis during the year. The preparation of reimbursements often took several months and, as a result, accounts receivable and the associated revenues were misstated throughout the year. In addition, the lag in expense reimbursements caused the Organization's cash balance to become impaired to the extent that the Organization was unable to meet its cash obligations in October and November.

Our Recommendation. Invoices should be prepared and recorded on a monthly or semi-monthly basis, in accordance with the terms of the grant.

Action Taken. Beginning in May, 2012, all invoices are prepared and submitted twice monthly for EHS and monthly for all other programs.

Finding 2011-6 Year-end accounting procedures did not provide for a proper closing. We noted that from December 2011 to February 2012, accounting personnel were still making changes to the 2010 financial statements, even though the statements had already been issued. The Finance Director did not maintain support for the changes and could not reconcile the differences between the issued financial statements and the accounting records.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - PRIOR YEAR FINDINGS - (CONTINUED)

Our Recommendation After personnel have made all necessary adjustments and reconciliations, the general ledger should be considered closed. The general ledger should then be printed and stored. If errors are subsequently discovered, a correcting journal entry should be prepared and provided to the independent auditor. The entries to the general ledger affecting the prior year should be prevented by locking the system.

Action Taken: Beginning in May 2012, Execute Now! has implemented a monthly hard close.

Finding 2011-7 Financial matters were not communicated to the Board of Directors in a timely manner. Through inquiry of Board Members and inspection of the Board Meeting minutes, we noted that although the 2010 audited financial statements were issued on November 18, 2011, they were not presented to the Board until March 2012.

Our Recommendation The Board of Directors should meet on a monthly basis and should be advised of all pertinent financial matters.

Action Taken: The YWCA Finance Committee meets monthly prior to the Board of Directors meeting. Execute Now! submits a full set of financial statements along with a written analysis ahead of those meetings. They also present the financial report at each meeting and answer any questions.

Finding 2011-8: Throughout the year, the Organization's policies and procedures concerning credit card purchases for one credit card were not followed. Although all purchases for that card were supported by a receipt, very few of the purchases were further supported by an explanation of the expense. In addition, there was no clear approval of the expenses on a monthly basis.

Our Recommendation: The policies and procedures concerning credit card purchases should be followed. Purchase orders should be completed and approved for all costs associated with a credit card purchase. All invoices, receipts, and purchase orders should have a clear indication of the credit card purchase before being submitted for processing.

Action Taken: The YWCA no longer uses the aforementioned credit card. The Early Head Start Program Director uses a credit card to purchase supplies and an explanation and receipt are provided for each purchase. Employees have been trained on the implemented procedures related to credit card purchases.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-9: We noted several payments to the taxing authorities for payroll were not made timely during 2011. In addition, two vacation payments were made to employees totaling \$5,817 that did not include withholdings for taxes. In addition, the two disbursements were not reported on the employees' W-2's. Furthermore, throughout the year a clerical employee was improperly classified as an independent contractor and was issued a 1099 instead of a W-2. These conditions caused the wages reported to taxing authorities to be understated by \$21,202.

Our Recommendation: Payroll functions should be performed by knowledgeable personnel or outsourced to an independent payroll provider.

Action Taken: All payroll functions including processing, tax payments and tax filings were outsourced to Paychex beginning April 1, 2012. Since then, YWCA was current with all payroll taxes and W-2 forms were accurate and complete per agreement with Paychex.

Finding 2011-10: The Organization did not issue Form 1099-MISC to all individuals as required by the IRS.

Our Recommendation: Ensure that IRS 1099-MISC forms are issued to all individuals with reportable income (payments greater than \$600 made to individuals who provide a service relating to the Organization's operations).

Action Taken: It appears that the Organization submitted an IRS 1099-MISC form for all individuals with reportable income totaling \$600 or more for the year ended December 31, 2012.

Finding 2011-11: The Organization was not in compliance with the reporting requirement of submitting audited annual financial statements to the Legislative Auditor's office within six months after year end. Furthermore, the Organization was not in compliance with the reporting requirement of submitting the audit report to the Federal Audit Clearinghouse for the year ended December 31, 2010 within nine months after year end.

Our Recommendation: Personnel should reconcile all necessary accounts and make necessary adjustments within sixty days of year end. This would allow sufficient time to complete the audited financial statements and submit the report timely.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - PRIOR YEAR FINDINGS - (CONTINUED)

Action Taken: For the year ended December 31, 2012, YWCA will complete the audited financial statements and submit them to the Legislative Auditor and the Federal Audit Clearinghouse by the required deadlines. The 2011 audit report was filed timely to the Federal Audit Clearinghouse.

SECTION III - CURRENT YEAR FINDINGS

Finding 2012-1: The accrual method of accounting was improperly used throughout the year. We noted accounts receivable was often not properly adjusted as funds were received, causing the associated revenues to be overstated throughout the year. Additionally, accrued payroll withholdings were not properly reconciled to supporting documents throughout the year and some payments were posted to expense accounts instead of the liability accounts. The lack of reconciliation and erroneous postings caused the unadjusted liability and related expense accounts to be overstated throughout the year.

Finally, there were several additional asset and liability accounts that required adjustment at year end. It appeared that many of the Organization's assets and liabilities were not reconciled during the year by the finance director nor were they sufficiently reviewed by management.

Our Recommendation: The Organization or its contract service provider should analyze balance sheet accounts on a monthly basis to ensure account balances are correctly stated to portray the actual rights and obligations of the Organization. On a monthly basis, the chief executive officer should review the aged accounts receivable summary and reconciliations prepared for the selected accounts.

The Organization should put a greater emphasis on reviewing all accounts that affect net assets. We recommend management and the Board establish and implement additional internal controls to enable more effective monitoring of the financial statements. For example, on a monthly basis, the finance director should prepare reconciliations for significant account balances and should prepare a comparative balance sheet that indicates the fluctuations from the prior period in each account. A reporting package including those items should be presented to the chief executive officer to review and analyze. Unusual items and exceptions should be documented and resolved in a timely manner.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION III - CURRENT YEAR FINDINGS - (CONTINUED)

Finding 2012-1 - (Continued):

Management's Response: Management concurs with the Auditors recommendations regarding this finding. In November 2012, new management discovered inconsistencies in full accrual accounting, and reinforced expectations for proper accrual. In early 2013, management implemented a policy requiring the contracted accounting firm to submit to the CEO any expense they suggest not be accrued. Regarding accounts receivable, the contracted accounting firm has recently begun reporting a summary of aging accounts receivable to the CEO each week as a part of their weekly reporting. Additionally, beginning in May 2013, the CEO will review a detailed accounts receivable report monthly and determine necessary action based on that report for any outstanding receivables. Lastly, regarding account balances, management appreciates the suggested enhancement of internal controls. For example, the contracted accounting firm will prepare reconciliations for significant account balances with a comparative balance sheet which indicates fluctuations in each account for approval by its third party CPA and submission to the CEO for review monthly.

Finding 2012-2: Certain accounts that required adjustment in 2011 were not timely reversed in 2012. This condition ultimately caused the Organization to resubmit a report to the Department of Health and Human Services. If this condition continues to occur, the Organization could potentially and inadvertently request a duplicate reimbursement from certain grantors that could ultimately require repayment.

Our Recommendation: All adjustments made which require a subsequent reversal should be recorded timely and in the proper period. An alternative procedure would be to timely recode the payment or receipt that was affected by the journal entry.

Management's Response: Management concurs with the auditors' recommendations. The CEO will review and approve all audit adjustments for the year-end 2012, including any current year accounts that are impacted, as recommended by the auditor, and will require the contracted accounting firm to provide a report that demonstrates the adjustments have been made timely. This practice will continue in subsequent years (CEO verification of timely audit adjustments.)

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

SECTION III - CURRENT YEAR FINDINGS - (CONTINUED)

Finding 2012-3: The Organization was not in compliance with the requirement of submitting the 2011 audited annual financial statements to the Legislative Auditor's office within six months after year end

Our Recommendation: The Organization should ensure that accounting personnel complete the year end financial statements and address audit requests in a timely manner to facilitate completion of audited annual financial statements by the deadline

Management's Response: The Organization's accounting records have been provided to the auditor at an earlier date. The auditors should have sufficient time to complete their procedures

YWCA GREATER BATON ROUGE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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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 of
YWCA Greater Baton Rouge
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 YWCA Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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 May 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered YWCA Greater Baton Rouge'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 YWCA Greater Baton Rouge'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 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 as items 2012-1 and 2012-2 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA Greater Baton Rouge'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described as item 2012-3 in the accompanying schedules of findings and questioned costs.

YWCA Greater Baton Rouge's Response to Findings

YWCA Greater Baton Rouge's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. YWCA Greater Baton Rouge's 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 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.

Latuso & Johnson CPA, LLC

Baton Rouge, Louisiana
May 22, 2013

Latuso and Johnson CPA, LLC

Certified Public Accountants

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

To the Board of Directors of
YWCA Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited YWCA Greater Baton Rouge's 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 YWCA Greater Baton Rouge 's major federal programs for the year ended December 31, 2012. YWCA Greater Baton Rouge 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of YWCA Greater Baton Rouge'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 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 YWCA Greater Baton Rouge'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 YWCA Greater Baton Rouge 's compliance

Opinion on Each Major Federal Program

In our opinion, YWCA Greater Baton Rouge 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 December 31, 2012.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133

Report on Internal Control Over Compliance

Management of YWCA Greater Baton Rouge 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 YWCA Greater Baton Rouge 's 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 YWCA Greater Baton Rouge s internal control over compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be significant deficiencies.

YWCA Greater Baton Rouge's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. YWCA Greater Baton Rouge'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A1133

We have audited the financial statements of YWCA Greater Baton Rouge as of and for the year ended December 31, 2012, and have issued our report thereon dated May 22, 2013, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Latuso & Johnson CPA, LLC

Baton Rouge, Louisiana
June 24, 2013

**YWCA GREATER BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>CFDA #</u>	<u>Grant #</u>	<u>Amount of Federal Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>			
Administration for Children and Families			
Early Head Start	93 600	06CH702810 06CH702809	\$ 2,240,506
Passed through Louisiana Community and Technical College System			
Strategies to Empower People	93 558	210652	185
Passed through Louisiana Department of Children and Family Services			
Community Based Family Resources	93 590	708442	11,730
Passed through Louisiana Department of Health and Hospitals Office of Public Health			
HIV/AIDS Program	93 940	708506 713088	57,975
SiHLE Intervention	93 092	701016 713081	31,125
Total U.S. Department of Health and Human Services			<u>2,341,521</u>
<u>U.S. Department of Education</u>			
Passed through Louisiana Community and Technical College System			
Adult Education State Grant	84 002	482110	21,663
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Office of Community Development			
Community Development Block Grant	14.228	B-12-DC-22-0001	23,011
Total Federal Expenditures			<u>\$ 2,386,195</u>

The accompanying notes are an integral part of this schedule

YWCA GREATER BATON ROUGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the YWCA of Greater Baton Rouge under programs of the federal government for the years ended December 31, 2012. 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 YWCA of Greater Baton Rouge, it is not intended to and does not present the financial position, changes in net assets or cash flows of YWCA of Greater Baton Rouge.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Pass-through entity identifying numbers are presented where available.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of YWCA Greater Baton Rouge.
2. Two significant deficiencies were disclosed during the audit of the financial statements and are included in this report.
3. One instance of noncompliance was disclosed in accordance with *Government Auditing Standards*.
4. Two significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for YWCA Greater Baton Rouge expresses an unqualified opinion on all major federal programs.
6. Two audit findings are required to be reported in accordance with Section 510(a) of OMB Circular A-133
7. The program tested as major programs included:

Early Head Start (CFDA 93 600)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. YWCA Greater Baton Rouge did not qualify as a low-risk auditee.
10. A management letter was not issued

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - FINDINGS AND QUESTIONED COSTS

Finding 2012-1: The accrual method of accounting was improperly used throughout the year . We noted accounts receivable was often not properly adjusted as funds were received, causing the associated revenues to be overstated throughout the year . Additionally, accrued payroll withholdings were not properly reconciled to supporting documents throughout the year and some payments were posted to expense accounts instead of the liability accounts . The lack of reconciliation and erroneous postings caused the unadjusted liability and related expense accounts to be overstated throughout the year .

Finally, there were several additional asset and liability accounts that required adjustment at year end . It appeared that many of the Organization's assets and liabilities were not reconciled during the year by the finance director nor were they sufficiently reviewed by management .

Questioned Costs: None

Our Recommendation: The Organization or its contract service provider should analyze balance sheet accounts on a monthly basis to ensure account balances are correctly stated to portray the actual rights and obligations of the Organization. On a monthly basis, the chief executive officer should review the aged accounts receivable summary and reconciliations prepared for the selected accounts.

The Organization should put a greater emphasis on reviewing all accounts that affect net assets . We recommend management and the Board establish and implement additional internal controls to enable more effective monitoring of the financial statements. For example, on a monthly basis, the finance director should prepare reconciliations for significant account balances and should prepare a comparative balance sheet that indicates the fluctuations from the prior period in each account . A reporting package including those items should be presented to the chief executive officer to review and analyze. Unusual items and exceptions should be documented and resolved in a timely manner.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Finding 2012-1 - (Continued):

Management's Response: Management concurs with the Auditors recommendations regarding this finding. In November 2012, new management discovered inconsistencies in full accrual accounting, and reinforced expectations for proper accrual. In early 2013, management implemented a policy requiring the contracted accounting firm to submit to the CEO any expense they suggest not be accrued. Regarding accounts receivable, the contracted accounting firm has recently begun reporting a summary of aging accounts receivable to the CEO each week as a part of their weekly reporting. Additionally, beginning in May 2013, the CEO will review a detailed accounts receivable report monthly and determine necessary action based on that report for any outstanding receivables. Lastly, regarding account balances, management appreciates the suggested enhancement of internal controls. For example, the contracted accounting firm will prepare reconciliations for significant account balances with a comparative balance sheet which indicates fluctuations in each account for approval by its third party CPA and submission to the CEO for review monthly.

Finding 2012-2: Certain accounts that required adjustment in 2011 were not timely reversed in 2012. This condition ultimately caused the Organization to resubmit a report to the Department of Health and Human Services. If this condition continues to occur, the Organization could potentially and inadvertently request a duplicate reimbursement from certain grantors that could ultimately require repayment.

Questioned Costs: None

Our Recommendation: All adjustments made which require a subsequent reversal should be recorded timely and in the proper period. An alternative procedure would be to timely recode the payment or receipt that was affected by the journal entry.

Management's Response: Management concurs with the auditors' recommendations. The CEO will review and approve all audit adjustments for the year-end 2012, including any current year accounts that are impacted, as recommended by the auditor, and will require the contracted accounting firm to provide a report that demonstrates the adjustments have been made timely. This practice will continue in subsequent years (CEO verification of timely audit adjustments.)

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION II - FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Finding 2012-3: The Organization was not in compliance with the requirement of submitting the 2011 audited annual financial statements to the Legislative Auditor's office within six months after year end

Our Recommendation: The Organization should ensure that accounting personnel complete the year end financial statements and address audit requests in a timely manner to facilitate completion of audited annual financial statements by the deadline.

Management's Response: The Organization's accounting records have been provided to the auditor at an earlier date. The auditors should have sufficient time to complete their procedures.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION III - PRIOR YEAR FINDINGS

Finding 2011-1: Although bank reconciliations were prepared and approved for December 2011, they were not corrected for year end adjustments. Furthermore, the reconciliations that were completed had several old reconciling items that had not been investigated throughout the year.

Our Recommendation: When adjustments to the cash accounts are recorded, a new bank reconciliation should be prepared and approved. Old outstanding items should be investigated in a timely manner.

Action Taken: All bank reconciliations are now prepared monthly on a timely basis. A CPA working with the contracted fiscal/accounting service provider reviews and approves the reconciliations. Outstanding items are investigated within 10 days.

Finding 2011-2: Checks received from supporters were not deposited timely during the year. Although some checks were deposited on a weekly basis in December 2011, we noted three checks received during that month totaling \$98,542.78 that took at least 7 business days to be deposited.

Our Recommendation. Checks received should be deposited weekly, unless below an amount specified by management.

Action Taken: Beginning March 2012, the Interim CEO enforced the policy requiring bank deposits be made a minimum of twice per week.

Finding 2011-3: Adjusting journal entries were prepared by one person and support was not maintained. During our audit we noted the Finance Director did not maintain adequate supporting documentation to explain why several adjustments to payroll liabilities, accounts payable, and accounts receivable were made.

Our Recommendation: A copy of all adjusting journal entries should be maintained in a file. The entries should be adequately dated, explained and supported by documentation. The entries should be initialed by the preparer and the person who approved the adjustment.

Action Taken. Beginning in May, 2012, adjusting journal entries are maintained in a file with supporting documentation. The Senior Accountant creates a required adjusting entry with explanation and supporting documentation. The Financial Director reviews the adjusting entry and support. The CEO will approve all adjusting journal entries with supporting explanation and documentation submitted by the Senior Accountant.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(CONTINUED)

SECTION III - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-4: The accrual method of accounting was improperly used throughout the year. We discovered accounts receivable was often not properly adjusted as funds were received, causing the associated revenues to be overstated throughout the year. In addition, grant advances were recorded for receipts of reimbursements, causing revenues to be inaccurately recorded in the subsequent period.

Our Recommendation: Financial records should be maintained by personnel who have the appropriate education and experience to demonstrate expertise in financial reporting based on generally accepted accounting principles.

Action Taken: While this condition has improved, several balance sheet accounts were not reconciled by the accounting department. See current finding 2012-1

Finding 2011-5: We noted the billing of expense reimbursements for all programs were not prepared on a timely basis during the year. The preparation of reimbursements often took several months and, as a result, accounts receivable and the associated revenues were misstated throughout the year. In addition, the lag in expense reimbursements caused the Organization's cash balance to become impaired to the extent that the Organization was unable to meet its cash obligations in October and November.

Our Recommendation: Invoices should be prepared and recorded on a monthly or semi-monthly basis, in accordance with the terms of the grant.

Action Taken: Beginning in May, 2012, all invoices are prepared and submitted twice monthly for EHS and monthly for all other programs

Finding 2011-6: Year-end accounting procedures did not provide for a proper closing. We noted that from December 2011 to February 2012, accounting personnel were still making changes to the 2010 financial statements, even though the statements had already been issued. The Finance Director did not maintain support for the changes and could not reconcile the differences between the issued financial statements and the accounting records

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

SECTION III - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-6 - (Continued)

Our Recommendation. After personnel have made all necessary adjustments and reconciliations, the general ledger should be considered closed. The general ledger should then be printed and stored. If errors are subsequently discovered, a correcting journal entry should be prepared and provided to the independent auditor. The entries to the general ledger affecting the prior year should be prevented by locking the system.

Action Taken: Beginning in May 2012, the Organization implemented a monthly hard close.

Finding 2011-7: Financial matters were not communicated to the Board of Directors in a timely manner. Through inquiry of Board Members and inspection of the Board Meeting minutes, we noted that although the 2010 audited financial statements were issued on November 18, 2011, they were not presented to the Board until March 2012.

Our Recommendation: The Board of Directors should meet on a monthly basis and should be advised of all pertinent financial matters.

Action Taken: The YWCA Finance Committee meets monthly prior to the Board of Directors meeting. The Finance Director submits a full set of financial statements along with a written analysis ahead of those meetings. They also present the financial report at each meeting and answer any questions.

Finding 2011-8: Throughout the year, the Organization's policies and procedures concerning credit card purchases for one credit card were not followed. Although all purchases for that card were supported by a receipt, very few of the purchases were further supported by an explanation of the expense. In addition, there was no clear approval of the expenses on a monthly basis.

Our Recommendation: The policies and procedures concerning credit card purchases should be followed. Purchase orders should be completed and approved for all costs associated with a credit card purchase. All invoices, receipts, and purchase orders should have a clear indication of the credit card purchase before being submitted for processing.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

SECTION III - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-8 - (Continued)

Action Taken: The YWCA no longer uses the aforementioned credit card. The Early Head Start Program Director uses a credit card to purchase supplies and an explanation and receipt are provided for each purchase. Employees have been trained on the implemented procedures related to credit card purchases.

Finding 2011-9: We noted several payments to the taxing authorities for payroll were not made timely during 2011. In addition, two vacation payments were made to employees totaling \$5,817 that did not include withholdings for taxes. In addition, the two disbursements were not reported on the employees' W-2's. Furthermore, throughout the year a clerical employee was improperly classified as an independent contractor and was issued a 1099 instead of a W-2. These conditions caused the wages reported to taxing authorities to be understated by \$21,202.

Our Recommendation: Payroll functions should be performed by knowledgeable personnel or outsourced to an independent payroll provider.

Action Taken. All payroll functions including processing, tax payments and tax filings were outsourced to Paychex beginning April 1, 2012. Since then, YWCA was current with all payroll taxes and W-2 forms were accurate and complete per agreement with Paychex.

Finding 2011-10: The Organization did not issue Form 1099-MISC to all individuals as required by the IRS.

Our Recommendation: Ensure that IRS 1099-MISC forms are issued to all individuals with reportable income (payments greater than \$600 made to individuals who provide a service relating to the Organization's operations).

Action Taken: It appears that the Organization submitted an IRS 1099-MISC form for all individuals with reportable income totaling \$600 or more for the year ended December 31, 2012.

YWCA GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

SECTION III - PRIOR YEAR FINDINGS - (CONTINUED)

Finding 2011-11 The Organization was not in compliance with the reporting requirement of submitting audited annual financial statements to the Legislative Auditor's office within six months after year end. Furthermore, the Organization was not in compliance with the reporting requirement of submitting the audit report to the Federal Audit Clearinghouse for the year ended December 31, 2010 within nine months after year end.

Our Recommendation. Personnel should reconcile all necessary accounts and make necessary adjustments within sixty days of year end This would allow sufficient time to complete the audited financial statements and submit the report timely.

Action Taken: For the year ended December 31, 2012, YWCA will complete the audited financial statements and submit them to the Legislative Auditor and the Federal Audit Clearinghouse by the required deadlines The 2011 audit report was filed timely to the Federal Audit Clearinghouse