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**DISABILITY RIGHTS LOUISIANA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

## TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1 - 3
<u>Financial Statements</u>	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statement of Functional Expenses Year Ended September 30, 2022	6 - 7
Consolidated Statement of Functional Expenses Year Ended September 30, 2021	8 - 9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11 - 20
<u>Supplemental Information</u>	
Consolidating Statements of Financial Position	21
Consolidating Statements of Activities	22 - 23
Schedule of Compensation, Benefits, and Other Payments to Agency Head	24
<u>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 <i>Government Auditing Standards</i></u>	25 - 26
<u>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</u>	27 - 29
<u>Schedule of Expenditures of Federal Awards</u>	30
<u>Notes to Schedule of Expenditures of Federal Awards</u>	31
<u>Schedule of Findings and Questioned Costs</u>	32 - 33
<u>Summary Schedule of Prior Audit Findings</u>	34

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Disability Rights Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Disability Rights Louisiana (a nonprofit organization) (DRLA), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of DRLA as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DRLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DRLA's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DRLA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DRLA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the supplemental information as listed in the table of contents and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of DRLA’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 solely 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 the effectiveness of DRLA’s 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 DRLA’s internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 30, 2023

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2022 AND 2021**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>ASSETS</u></b>		
Cash	\$ 636,597	\$ 907,040
Grants receivable	901,954	686,037
Prepaid expenses	73,734	67,340
Investments	389,616	389,006
Property and equipment, net	<u>1,008,185</u>	<u>1,050,478</u>
Total assets	<u><u>3,010,086</u></u>	<u><u>3,099,901</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	223,921	113,856
Refundable advances	178,478	141,359
Accrued vested annual leave benefits	154,308	166,799
Notes payable	<u>654,861</u>	<u>794,459</u>
Total liabilities	<u>1,211,568</u>	<u>1,216,473</u>
<b><u>NET ASSETS</u></b>		
Without donor restrictions	<u>1,798,518</u>	<u>1,883,428</u>
Total net assets	<u>1,798,518</u>	<u>1,883,428</u>
Total liabilities and net assets	<u><u>\$ 3,010,086</u></u>	<u><u>\$ 3,099,901</u></u>

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

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>Without Donor Restrictions</u></b>
<b><u>REVENUES AND SUPPORT</u></b>		
Grants	\$ 3,978,486	\$ 3,693,686
Contributions	18,981	4,650
Attorney fees	9,741	-
Other	38,430	39,384
Investment return, net of expenses	2,280	6,568
	<u>4,047,918</u>	<u>3,744,288</u>
<b><u>EXPENSES</u></b>		
Program services	3,794,140	3,450,935
Support services	338,688	395,606
	<u>4,132,828</u>	<u>3,846,541</u>
Change in net assets	(84,910)	(102,253)
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<u>1,883,428</u>	<u>1,985,681</u>
<b><u>NET ASSETS, END OF YEAR</u></b>	<u>\$ 1,798,518</u>	<u>\$ 1,883,428</u>

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



**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Program Services</b>							
	Protection and Advocacy for the Developmentally Disabled	Protection and Advocacy for Individuals with Mental Illness	Protection and Advocacy of Individual Rights	Community Living Ombudsman Program	Louisiana Department of Justice Supported Independent Living Advocacy Program	Protection and Advocacy for Beneficiaries with Representative Payees	Financial Access Inclusion and Resources	Work Incentives Planning and Assistance
Salaries	\$ 321,897	\$ 303,122	\$ 133,709	\$ 619,349	\$ 87,480	\$ 341,030	\$ 169,454	\$ 145,315
Fringe benefits	63,156	60,858	27,241	146,652	18,774	76,597	30,301	35,386
Occupancy and other office-related costs	27,149	25,167	12,634	57,127	8,550	67,798	16,714	17,399
Informational technology service contracts	6,396	6,566	2,800	14,021	1,960	7,959	3,914	3,046
Consultant fees	7,001	2,846	1,635	8,223	1,195	4,839	2,315	22,288
Travel	3,576	8,881	934	18,914	268	7,715	486	1,451
Contractual services	13,093	38,849	4,429	19,420	2,698	12,047	15,293	4,970
Miscellaneous	9,087	4,294	2,998	8,817	348	11,639	3,064	813
Interest expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Equipment expenses	6,987	7,307	534	5,201	11,170	1,766	1,550	9,417
<b>Total expenses</b>	<b>\$ 458,342</b>	<b>\$ 457,890</b>	<b>\$ 186,914</b>	<b>\$ 897,724</b>	<b>\$ 132,443</b>	<b>\$ 531,390</b>	<b>\$ 243,091</b>	<b>\$ 240,085</b>

(continued)

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

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(CONTINUED)**

	<b>Program Services</b>				<b>Supporting Services</b>		<b>Total</b>
	<b>Client Assistance Program</b>	<b>Protection &amp; Advocacy of Voter Assistance</b>	<b>Protection &amp; Advocacy for Beneficiaries of Social Security</b>	<b>Other Programs</b>	<b>Total Program Services</b>	<b>Management and General</b>	
Salaries	\$ 80,163	\$ 43,759	\$ 40,053	\$ 269,998	\$ 2,555,329	\$ 122,002	\$ 2,677,331
Fringe benefits	13,714	9,146	7,351	45,825	535,001	24,161	559,162
Occupancy and other office-related costs	7,407	7,014	5,630	26,363	278,952	74,864	353,816
Informational technology service contracts	1,511	957	873	5,129	55,132	4,044	59,176
Consultant fees	995	539	577	3,278	55,731	4,013	59,744
Travel	501	341	1,286	2,127	46,480	4,166	50,646
Contractual services	2,750	1,265	3,249	9,810	127,873	18,688	146,561
Miscellaneous	2,968	730	16,666	26,596	88,020	4,791	92,811
Interest expense	-	-	-	-	-	36,896	36,896
Depreciation expense	-	-	-	-	-	42,293	42,293
Equipment expenses	2,073	1,525	1,989	2,103	51,622	2,770	54,392
<b>Total expenses</b>	<b>\$ 112,082</b>	<b>\$ 65,276</b>	<b>\$ 77,674</b>	<b>\$ 391,229</b>	<b>\$ 3,794,140</b>	<b>\$ 338,688</b>	<b>\$ 4,132,828</b>

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

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Program Services</b>							
	Protection and Advocacy for the Developmentally Disabled	Protection and Advocacy for Individuals with Mental Illness	Protection and Advocacy of Individual Rights	Community Living Ombudsman Program	Louisiana Department of Justice Supported Independent Living Advocacy Program	Protection and Advocacy for Beneficiaries with Representative Payees	Financial Access Inclusion and Resources	Work Incentives Planning and Assistance
Salaries	\$ 288,639	\$ 188,912	\$ 154,910	\$ 583,266	\$ 87,775	\$ 355,239	\$ 113,772	\$ 116,728
Fringe benefits	64,420	41,156	34,860	157,468	22,451	98,931	29,461	30,947
Occupancy and other office-related costs	20,961	13,597	12,770	54,154	8,242	62,255	8,905	9,428
Informational technology service contracts	8,407	5,129	4,613	20,209	3,082	13,836	3,659	3,919
Consultant fees	5,994	22,377	8,862	4,659	740	2,748	1,489	11,257
Travel	3,983	1,660	1,561	3,749	51	4,167	140	24
Contractual services	29,231	28,413	16,708	52,212	7,962	30,649	18,065	10,178
Miscellaneous	5,512	4,294	2,625	3,566	508	3,830	520	698
Interest expense	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Equipment expenses	1,891	1,513	823	1,815	208	1,421	420	1,107
<b>Total expenses</b>	<b>\$ 429,038</b>	<b>\$ 307,051</b>	<b>\$ 237,732</b>	<b>\$ 881,098</b>	<b>\$ 131,019</b>	<b>\$ 573,076</b>	<b>\$ 176,431</b>	<b>\$ 184,286</b>

(continued)

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

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**(CONTINUED)**

	<b>Program Services</b>				<b>Supporting Services</b>		
	Client Assistance Program	Protection & Advocacy of Voter Assistance	Protection & Advocacy for Beneficiaries of Social Security	Other Programs	Total Program Services	Management and General	Total
Salaries	\$ 75,117	\$ 66,892	\$ 53,124	\$ 134,897	\$ 2,219,271	\$ 140,723	\$ 2,359,994
Fringe benefits	17,699	16,090	12,817	30,043	556,343	16,464	572,807
Occupancy and other office-related costs	10,917	39,669	10,606	10,680	262,184	93,563	355,747
Informational technology service contracts	4,156	2,254	1,607	4,615	75,486	3,974	79,460
Consultant fees	560	533	328	-	59,547	22,034	81,581
Travel	18	120	12	98	15,583	845	16,428
Contractual services	6,020	5,939	3,502	3,993	212,872	23,458	236,330
Miscellaneous	1,478	1,503	2,802	-	27,336	9,046	36,382
Interest expense	-	-	-	-	-	42,032	42,032
Depreciation expense	-	-	-	-	-	42,293	42,293
Equipment expenses	1,498	157	10,834	626	22,313	1,174	23,487
Total expenses	<u>\$ 117,463</u>	<u>\$ 133,157</u>	<u>\$ 95,632</u>	<u>\$ 184,952</u>	<u>\$ 3,450,935</u>	<u>\$ 395,606</u>	<u>\$ 3,846,541</u>

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

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (84,910)	\$ (102,253)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	42,293	42,293
Unrealized gain on investments	(610)	(2,625)
Change in assets and liabilities		
Grants receivable	(215,917)	(146,161)
Prepaid expenses	(6,394)	5,672
Accounts payable and accrued liabilities	110,065	3,403
Refundable advances	37,119	120,390
Accrued vested annual leave benefits	(12,491)	9,089
	<u>(130,845)</u>	<u>(70,192)</u>
Net cash used in operating activities		
	<u>(130,845)</u>	<u>(70,192)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on notes payable	<u>(139,598)</u>	<u>(45,391)</u>
Net cash used in financing activities	<u>(139,598)</u>	<u>(45,391)</u>
Net decrease in cash	(270,443)	(115,583)
Cash, beginning of year	<u>907,040</u>	<u>1,022,623</u>
Cash, end of year	<u>\$ 636,597</u>	<u>\$ 907,040</u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
Cash paid for interest	<u>\$ 36,896</u>	<u>\$ 42,032</u>

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

## DISABILITY RIGHTS LOUISIANA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

#### (1) Organization

The accompanying consolidated financial statements include the accounts of Disability Rights Louisiana and Eighth Muse, Incorporated (collectively, DRLA) due to DRLA's control and economic interest of Eighth Muse, Incorporated. All significant intercompany accounts and transactions have been eliminated.

DRLA was organized to protect and advocate for the human and legal rights of persons living in Louisiana who are elderly or disabled. DRLA was founded pursuant to a federal law establishing protection and advocacy systems in each state and territory in the U.S. The mandate of the protection and advocacy systems is "to pursue legal, administrative, and other appropriate means to ensure the rights of persons with development disabilities in the state." Since 1977, the client base has been expanded to include other populations, such as persons with other mental and physical disabilities and senior citizens.

Eighth Muse, Incorporated is a non-profit organization organized under the laws of the State of Louisiana. Its primary purpose is the leasing of a commercial building that serves as the administrative and program offices of DRLA in New Orleans, Louisiana.

DRLA's key programs include:

#### Protection & Advocacy for Individuals with Developmental Disabilities (PADD)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have a diagnosis of intellectual and/or developmental disabilities (I/DD).

#### Protection & Advocacy for Individuals with Mental Illness (PAIMI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have documented mental illness.

#### Protection & Advocacy for Individual Rights (PAIR)

Primarily legal work and policy work that is performed on behalf of an individual with disabilities who are not covered under PADD or PAIMI (typically physical disabilities and/or adult onset/acquired disabilities).

#### Community Living Ombudsmen Program (CLOP)

Statewide program that monitors private intermediate care facility/developmentally disabled individuals for instances of abuse and neglect. Also assists in moving individuals with I/DD into the community.

#### Louisiana Department of Justice Supported Independent Living Advocacy Program (SILAP)

Program designed to assist individuals with I/DD who are receiving home and community-based services benefits (residing in the Greater New Orleans and Baton Rouge areas) to be supported in the community and not be subjected to abuse and neglect.

**DISABILITY RIGHTS LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(1) Organization (continued)**

Protection and Advocacy for Beneficiaries with Representative Payees

This program conducts reviews on representative payee performance on behalf of the Social Security Administration (SSA). The program provides oversight to representative payees and their services to beneficiaries as well as giving them support to better understand their role and responsibilities.

Financial Access Inclusion and Resources (FAIR)

Program which assists formerly incarcerated individuals with disabilities in the Greater New Orleans area obtain employment and gain economic and financial stability.

Work Incentives Planning and Assistance (WIPA)

Education and assistance provided to individuals with disabilities who are receiving various types of disability (and other) benefits and how those benefits may be affected by income and assets.

Client Assistance Program (CAP)

Primarily advocacy and case management around assisting individuals with disabilities who are eligible for state vocational rehabilitation services to understand supports and how to use them to gain employment.

Protection & Advocacy of Voter Assistance (PAVA)

Legal, advocacy, policy and monitoring work that increases voter participation among individuals with disabilities (ex: monitoring polling sites for accessibility compliance).

Protection & Advocacy for Beneficiaries of Social Security (PABSS)

Primarily legal work, advocacy and policy work that is performed on behalf of an individual with a disability who is currently being provided social security benefits (ex: handling situations of over payment).

Other Programs:

Protection & Advocacy for Individuals with Traumatic Brain Injury (PATBI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have sustained a traumatic brain injury after the age of 22 (examples: car accidents and combat veterans).

Protection & Advocacy for Assistive Technology (PAAT)

Primarily legal work that is performed on behalf of an individual or individuals with any disability that involves them exercising their right to appropriate forms of disability related assistive technology.

Interest on Lawyer's Trust Account (IOLTA) – Louisiana Bar Foundation

A dual program (divided into serving Children and Adults with disabilities). Used to provide legal services to individuals with mental illness.

## DISABILITY RIGHTS LOUISIANA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

#### (2) Summary of Significant Accounting Policies

##### Basis of Presentation

The accompanying consolidated financial statements of DRLA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

U.S. GAAP requires DRLA to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of DRLA. These net assets may be used at the discretion of DRLA's management and board of directors.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of DRLA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2022 and 2021, DRLA had no donor restricted net assets.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restrictions are accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

##### Cash and Cash Equivalents

Cash includes amounts on deposit at reputable financial institutions. DRLA considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. DRLA held no cash equivalents as of September 30, 2022 and 2021.

##### Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. DRLA considers grants receivable to be fully collectable since the balance consists principally of payments due under governmental contracts; therefore, management determined no allowance was required as of September 30, 2022 and 2021.

##### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.



## DISABILITY RIGHTS LOUISIANA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

#### (2) Summary of Significant Accounting Policies (continued)

##### Investments

DRLA records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Investment return, net, is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses.

##### Property and Equipment

DRLA records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 25 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2022 and 2021.

##### Revenue Recognition

DRLA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

Grants are deemed to be non-exchange transactions. Revenues from grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when DRLA has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As of September 30, 2022, the amount of conditional grants received for which expenditures had not incurred, and therefore not recognized as revenue, was \$2,315,549. This amount includes refundable advances and amounts not received as of year-end.

##### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or support services categories based on specific identification where possible. The expenses that are allocated include salaries and fringe benefits for employees that do not work directly on program related activities, operating expenses, information technology services, consultant fees, and contractual services, which are allocated based on actual employee time records.

## DISABILITY RIGHTS LOUISIANA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

#### (2) Summary of Significant Accounting Policies (continued)

##### Income Taxes

DRLA and Eighth Muse, Incorporated are not-for-profit corporations organized under the laws of the State of Louisiana. They are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

DRLA has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income, if any; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

DRLA has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

##### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

##### Financial Instruments and Credit Risk

DRLA manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the amounts on deposit may exceed the federally insured limits or include uninsured investments in money market mutual funds. To date, DRLA has not experienced losses in any of these accounts and management believes the credit risk associated with these deposits is minimal.

Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of DRLA's mission.

##### Adoption of Recent Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. DRLA adopted this ASU during the year ended September 30, 2022. The ASU was applied on a retrospective basis, and the adoption had no impact to net assets as of September 30, 2022 or 2021.

**DISABILITY RIGHTS LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(2) Summary of Significant Accounting Policies (continued)**

*Accounting Pronouncements Issued but Not Yet in Effect*

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. This standard will be effective for DRLA's fiscal year ending September 30, 2023. DRLA is currently assessing the impact of this pronouncement on its consolidated financial statements.

**(3) Liquidity and Availability**

DRLA regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. DRLA receives grants and contributions without donor restrictions and investment income without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include programmatic expenses, administrative and general expenses, and fundraising expenses expected to be paid in the subsequent year.

DRLA manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments will continue to be met, ensuring the sustainability of DRLA.

The table below presents DRLA's financial assets available for general expenditures within one year as of September 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 636,597	\$ 907,040
Grants receivable	917,674	686,037
Investments	389,616	389,006
	<u>\$ 1,943,887</u>	<u>\$ 1,982,083</u>

**DISABILITY RIGHTS LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(4) Investments**

Investments consist of the following as of September 30:

	<b><u>2022</u></b>	<b><u>2021</u></b>
	Fair Market Value	Fair Market Value
Money market accounts - brokerage account	\$ 193,534	\$ 854
Fixed income	121,998	371,134
Certificates of deposit	74,084	17,018
	<b><u>\$ 389,616</u></b>	<b><u>\$ 389,006</u></b>

**(5) Grants Receivable**

Grants receivable consist of the following as of September 30:

	<b><u>2022</u></b>	<b><u>2021</u></b>
U.S. Department of Health and Human Services	\$ 314,879	\$ 208,702
Social Security Administration	243,264	173,792
State of Louisiana - Department of Justice	343,358	291,911
Private foundations	453	7,063
Louisiana Bar Foundation	-	4,569
	<b><u>\$ 901,954</u></b>	<b><u>\$ 686,037</u></b>

**(6) Property and Equipment**

Property and equipment consist of the following as of September 30:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Building	\$ 530,617	\$ 530,617
Building improvements	434,951	434,951
Equipment	7,590	7,590
	973,158	973,158
Less accumulated depreciation	(429,973)	(387,680)
Land	465,000	465,000
Property and equipment, net	<b><u>\$ 1,008,185</u></b>	<b><u>\$ 1,050,478</u></b>

**DISABILITY RIGHTS LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(7) Notes Payable**

Notes payable consist of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Note payable to a loan corporation, due in monthly installments of \$1,849, which included a fixed interest rate of 4%. The loan matured in March 2022 with a balloon payment of \$100,411. The note was paid in full in June 2022. The note was collateralized by commercial real estate.	\$ -	\$ 109,393
Note payable to a financial institution, due in monthly installments of \$5,436, which includes a fixed interest rate of 5.25%. The loan matures February 13, 2037. Note is collateralized by real property at 1217 Cambronne, 8325 Oak Street, and 8339 Oak Street.	654,861	685,066
	<u>\$ 654,861</u>	<u>\$ 794,459</u>

As of September 30, 2022, minimum required principal payments are as follows:

<u>Year ending September 30</u>	
2023	\$ 32,262
2024	33,769
2025	35,514
2026	37,263
2027	39,097
Thereafter	476,956
	<u>\$ 654,861</u>

**(8) Commitments**

DRLA leases office space for its administrative office and two branch locations in Lafayette, Baton Rouge, and New Orleans. The administrative office in New Orleans is leased from Eighth Muse, Incorporated (a related party) and the rental income/expense totaling \$182,466 for each of the years ended September 30, 2022 and 2021, is eliminated for financial statement presentation. The Lafayette lease was under a non-cancellable operating lease which expired in January 2023 and subsequently extended through January 2026. The Baton Rouge lease expired in March 2023 without a lease renewal. As of September 30, 2022, the total future minimum lease payments are in the amount of \$71,527.

Rent expense to third parties for the years ended September 30, 2022 and 2021, totaled \$43,462 and \$42,035, respectively.

## DISABILITY RIGHTS LOUISIANA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

#### **(9) Retirement Plan**

DRLA sponsors a 401(k) plan covering all employees twenty-one years or older starting upon date of hire. DRLA provides a discretionary employer match up to 0.50% of eligible compensation. Included in fringe benefit expense for the years ended September 30, 2022 and 2021, is \$8,135 and \$7,848, respectively, related to the employer match. DRLA also provides an additional discretionary contribution to employees after 500 hours of service. The discretionary percentage was 3.00% and 3.00% for the years ended September 30, 2022 and 2021, respectively. Included in fringe benefit expense for the years ended September 30, 2022 and 2021, is \$78,848 and \$71,281, respectively, related to the employer discretionary contribution. Employees are 100% vested after three years of service from date of hire.

#### **(10) Fair Value Measurement**

DRLA reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that DRLA can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, DRLA develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to DRLA's assessment of the quality, risk, or liquidity profile of the asset.

DRLA's investments are held in brokered money market accounts and certificates of deposit, which are short term in nature and are valued at fair value, which is reflective of cost plus accrued interest. The investments are considered Level 1 in the valuation input hierarchy described above.

There have been no changes in the methodologies used during the years ended September 30, 2022 and 2021.

**DISABILITY RIGHTS LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(11) Federally Assisted Programs**

DRLA participates in a number of federally assisted programs. These programs are audited in accordance with the Uniform Guidance. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, DRLA's management believes that further examinations would not result in any significant disallowed costs.

**(12) Economic Dependency and Concentrations**

DRLA received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds DRLA receives could be reduced significantly and have an adverse impact on its operations. Approximately 98.00% and 99.00% of its total revenues for the year ended September 30, 2022 and 2021, came from government grants. Approximately 30% and 31% of the grant revenue comes directly from the U.S. Department of Health and Human Services.

**(13) Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 30, 2023, and determined that there were no events that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**



**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022 AND 2021**

	2022				2021			
	<u>DRLA</u>	<u>EIGHTH MUSE, INC.</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>	<u>DRLA</u>	<u>EIGHTH MUSE, INC.</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>								
Cash	\$ 546,462	\$ 90,135	\$ -	\$ 636,597	\$ 735,722	\$ 171,318	\$ -	\$ 907,040
Grants receivable	901,954	-	-	901,954	686,037	-	-	686,037
Prepaid expenses	62,828	10,906	-	73,734	57,049	10,291	-	67,340
Investments	389,616	-	-	389,616	389,006	-	-	389,006
Property and equipment, net	-	1,008,185	-	1,008,185	2,530	1,047,948	-	1,050,478
Loan receivable	249,985	12,610	(262,595)	-	249,985	-	(249,985)	-
Total assets	<u>\$ 2,150,845</u>	<u>\$ 1,121,836</u>	<u>\$ (262,595)</u>	<u>\$ 3,010,086</u>	<u>\$ 2,120,329</u>	<u>\$ 1,229,557</u>	<u>\$ (249,985)</u>	<u>\$ 3,099,901</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>								
<b><u>LIABILITIES</u></b>								
Accounts payable and accrued liabilities	\$ 235,481	\$ 1,050	\$ (12,610)	\$ 223,921	\$ 113,856	\$ -	\$ -	\$ 113,856
Refundable advances	178,478	-	-	178,478	141,359	-	-	141,359
Accrued vested annual leave benefits	154,308	-	-	154,308	166,799	-	-	166,799
Notes payable	-	904,846	(249,985)	654,861	-	1,044,444	(249,985)	794,459
Total liabilities	<u>568,267</u>	<u>905,896</u>	<u>(262,595)</u>	<u>1,211,568</u>	<u>422,014</u>	<u>1,044,444</u>	<u>(249,985)</u>	<u>1,216,473</u>
<b><u>NET ASSETS</u></b>								
Without donor restrictions	<u>1,582,578</u>	<u>215,940</u>	<u>-</u>	<u>1,798,518</u>	<u>1,698,315</u>	<u>185,113</u>	<u>-</u>	<u>1,883,428</u>
Total net assets	<u>1,582,578</u>	<u>215,940</u>	<u>-</u>	<u>1,798,518</u>	<u>1,698,315</u>	<u>185,113</u>	<u>-</u>	<u>1,883,428</u>
Total liabilities and net assets	<u>\$ 2,150,845</u>	<u>\$ 1,121,836</u>	<u>\$ (262,595)</u>	<u>\$ 3,010,086</u>	<u>\$ 2,120,329</u>	<u>\$ 1,229,557</u>	<u>\$ (249,985)</u>	<u>\$ 3,099,901</u>

See accompanying Independent Auditors' Report.

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATING STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022			
	<u>DRLA</u>	<u>EIGHTH</u>		
	<u>Without Donor</u>	<u>MUSE, INC.</u>		
	<u>Restrictions</u>	<u>Without Donor</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
<b><u>REVENUES AND SUPPORT</u></b>				
Grants	\$ 3,978,486	\$ -	\$ -	\$ 3,978,486
Rental income	-	182,466	(182,466)	-
Contributions	18,981	-	-	18,981
Attorney fees	9,741	-	-	9,741
Other	38,043	387	-	38,430
Investment return, net of expenses	2,280	-	-	2,280
	<u>4,047,531</u>	<u>182,853</u>	<u>(182,466)</u>	<u>4,047,918</u>
Total revenues and support				
	4,047,531	182,853	(182,466)	4,047,918
<b><u>EXPENSES</u></b>				
Program services	3,967,483	-	(173,343)	3,794,140
Support services	195,785	152,026	(9,123)	338,688
	<u>4,163,268</u>	<u>152,026</u>	<u>(182,466)</u>	<u>4,132,828</u>
Total expenses				
	4,163,268	152,026	(182,466)	4,132,828
Change in net assets	(115,737)	30,827	-	(84,910)
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	1,698,315	185,113	-	1,883,428
<b><u>NET ASSETS, END OF YEAR</u></b>	<u>\$ 1,582,578</u>	<u>\$ 215,940</u>	<u>\$ -</u>	<u>\$ 1,798,518</u>

(continued)

See accompanying Independent Auditors' Report.

**DISABILITY RIGHTS LOUISIANA**

**CONSOLIDATING STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
**(CONTINUED)**

	2021			
	<b><u>DRLA</u></b>	<b><u>EIGHTH</u></b>		
	<b><u>Without Donor</u></b>	<b><u>MUSE, INC.</u></b>		
	<b><u>Restrictions</u></b>	<b><u>Without Donor</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
	<b><u>Restrictions</u></b>	<b><u>Restrictions</u></b>		
<b><u>REVENUES AND SUPPORT</u></b>				
Grants	\$ 3,693,686	\$ -	\$ -	\$ 3,693,686
Rental income	-	182,466	(182,466)	-
Contributions	4,650	-	-	4,650
Attorney fees	-	-	-	-
Other	38,773	611	-	39,384
Investment return, net of expenses	6,568	-	-	6,568
	<u>3,743,677</u>	<u>183,077</u>	<u>(182,466)</u>	<u>3,744,288</u>
Total revenues and support				
	<u>3,743,677</u>	<u>183,077</u>	<u>(182,466)</u>	<u>3,744,288</u>
<b><u>EXPENSES</u></b>				
Program services	3,624,278	-	(173,343)	3,450,935
Support services	243,718	161,011	(9,123)	395,606
	<u>3,867,996</u>	<u>161,011</u>	<u>(182,466)</u>	<u>3,846,541</u>
Total expenses				
	<u>3,867,996</u>	<u>161,011</u>	<u>(182,466)</u>	<u>3,846,541</u>
Change in net assets	(124,319)	22,066	-	(102,253)
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<u>1,822,634</u>	<u>163,047</u>	<u>-</u>	<u>1,985,681</u>
<b><u>NET ASSETS, END OF YEAR</u></b>	<u>\$ 1,698,315</u>	<u>\$ 185,113</u>	<u>\$ -</u>	<u>\$ 1,883,428</u>

See accompanying Independent Auditors' Report.

**DISABILITY RIGHTS LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Agency Head Name: Ronald Lospennato, Interim Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 120,775
Benefits - insurance	41
Benefits - retirement	<u>250</u>
	<u>\$ 121,066</u>

See accompanying Independent Auditors' Report.

**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  
Disability Rights 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 consolidated financial statements of Disability Rights Louisiana (DRLA) (a nonprofit organization) which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered DRLA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of DRLA's internal control. Accordingly, we do not express an opinion on the effectiveness of DRLA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether DRLA'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

### **DRLA's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on DRLA's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. DRLA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 30, 2023

**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Disability Rights Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Disability Rights Louisiana’s (DRLA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of DRLA’s major federal programs for the year ended September 30, 2022. DRLA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, DRLA 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DRLA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of DRLA’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DRLA’s federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DRLA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DRLA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding DRLA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DRLA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DRLA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 30, 2023

**DISABILITY RIGHTS LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Federal Expenditures</i>
<b><u>Department of Health and Human Services</u></b>		
Direct Programs:		
Protection and Advocacy for Individuals with Mental Illness (PAIMI)	93.138	\$ 511,723
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems (PAVA)	93.618	71,860
Developmental Disabilities Basic Support and Advocacy Grants (PADD)	93.630	513,852
ACL Assistive Technology State Grants for Protection and Advocacy (PAAT)	93.843	40,571
State Grants for Protection and Advocacy Services (PATBI)	93.873	38,013
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>1,176,019</u>
<b><u>Department of Education</u></b>		
Direct Programs:		
Rehabilitation Services Client Assistance Program (CAP)	84.161	123,483
Program of Protection and Advocacy of Individual Rights (PAIR)	84.240	210,130
<b>TOTAL DEPARTMENT OF EDUCATION</b>		<u>333,613</u>
<b><u>Social Security Administration</u></b>		
Direct Programs:		
Social Security - Work Incentives Planning and Assistance Program (SLBPP)	96.008	260,018
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries (PABSS/PABRP)	96.009	656,988
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>		<u>917,006</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 2,426,638</u>

See accompanying Independent Auditors' Report.

## DISABILITY RIGHTS LOUISIANA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. General

The accompanying Schedules of Expenditures of Federal Awards (the Schedules) present the activity of all federal awards of Disability Rights Louisiana (DRLA) for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). DRLA's reporting entity is defined in Note 2 to the consolidated financial statements for the year ended September 30, 2022. Eighth Muse, Inc. is not a recipient of federal awards. All federal awards received directly from federal agencies are included on the Schedules. The Schedules present only a selected portion of the operations of DRLA; it is not intended to and does not present the consolidated financial position, consolidated statement of activities, or consolidated cash flows of DRLA.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Federal Awards are presented using the accrual basis of accounting, which is described in Note 2 to DRLA's consolidated financial statements for the years ended September 30, 2022 and 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

DRLA has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Relationship to Financial Statements

For the year ended September 30, 2022, total federal award revenue of \$2,426,638 is reported in grant revenues reflected in the consolidated statement of activities.

5. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

6. Subrecipients

DRLA did not pass through any grant amounts to subrecipients.

**DISABILITY RIGHTS LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SEPTEMBER 30, 2022**

**A. Summary of Independent Auditors' Results**

1) Financial Statements

- a) Type of report issued on the financial statements: Unmodified Opinion
- b) Internal control over financial reporting:
  - Material weakness identified: No
  - Significant deficiency identified not considered to be material weakness: None reported
  - Noncompliance material to financial statements noted: No

2) Federal Awards

- a) Internal control over major programs:
  - Material weakness identified: No
  - Significant deficiency identified not considered to be material weakness: None reported
- b) Type of auditors' report issued on compliance for major programs: Unmodified Opinion
- c) Any audit findings disclosed that are required to be reported in accordance with The Uniform Guidance, Section 510(a): No
- d) The following is an identification of major programs:

<b><u>Program Name</u></b>	<b><u>Federal ALN</u></b>
Developmental Disabilities Basic Support and Advocacy Grants	93.630
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009

- e) The dollar threshold used to distinguish between Type A and Type B Programs, as described in the Uniform Guidance was \$750,000.
- f) Did the auditee qualify as a low-risk auditee under the Uniform Guidance? No

**DISABILITY RIGHTS LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SEPTEMBER 30, 2022**

**B. Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards***

**Finding 2022-001 – Timely Submission of Audit Reports**

**Criteria:**

Under Louisiana statute (LA R.S. 24:513), DRLA is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Louisiana Legislative Auditor (LLA) within six months after year-end.

**Condition:**

DRLA did not meet the March 31, 2023 deadline for reporting to the LLA for the year ended September 30, 2022. DRLA filed for and was approved for an extension with the LLA through June 30, 2023.

**Cause:**

DRLA endured turnover in key management and accounting positions during and after the fiscal year ended.

**Effect:**

DRLA is non-compliant with the state audit law with respect to timeliness of submissions.

**Questioned Costs:**

For the purposes of this finding, there were no questioned costs.

**Identification of a repeat finding:**

This is a repeat finding.

**Recommendation:**

We note that DRLA has engaged an outsourced accounting firm for accounting assistance and assistance with preparation for the audit. We recommend that the DRLA implement policies and procedures to ensure to submit the future audit reports to the appropriate parties by the regulated deadlines.

**View of Responsible Official:**

The Entity concurs with the finding. The Entity is currently in the process of advertising and interviewing for key management and accounting positions that are currently open. The Entity has engaged the services of a third-party accountant to assist with the month-end and year-end closing adjustments as of and for the year ended September 30, 2023. The Entity is committed to implementing procedures to ensure the September 30, 2023 year-end close out procedures are performed in a timely manner and thus the September 30, 2023 audit reports are submitted in a timely manner.

**C. Findings and Questioned Costs relating to Federal Awards**

None

**DISABILITY RIGHTS LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**SEPTEMBER 30, 2022**

**Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:**

**Finding 2021-001 – Timely Submission of Audit Reports**

**Criteria:**

Under Louisiana statute (LA R.S. 24:513), DRLA is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Louisiana Legislative Auditor (LLA) within six months after year-end.

In accordance the Uniform Guidance, DRLA is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

**Condition:**

DRLA did not meet the March 31, 2022 deadline for reporting to the LLA for the year ended September 30, 2021. DRLA filed for and was approved for extensions with the LLA through September 30, 2022. In addition, DRLA did not meet the deadline for reporting to the Federal Audit Clearinghouse.

**Recommendation:**

We note that DRLA has engaged an outsourced accounting firm for accounting assistance and assistance with preparation for the audit. We recommend that the DRLA implement policies and procedures to ensure to submit the future audit reports to the appropriate parties by the regulated deadlines.

**Status:**

Partially resolved. The audit for the year ended September 30, 2022 was not submitted to the LLA within six months after year-end. See finding 2022-001. The audit will be submitted to the federal audit clearinghouse by the June 30, 2023 deadline.

**Findings and Questioned Costs relating to Federal Awards:**

See Finding 2021-001 regarding timely submission of audit reports to the Federal Audit Clearinghouse.



June 30, 2023

Postlethwaite and Netterville  
1 Galleria Blvd, Suite 2100  
Metairie, Louisiana 70001

Subject:        Corrective Action Plan

The following are the Disability Rights Louisiana's (the Entity) responses and corrective action plan to the findings issued as part of the financial statement audit as of and for the year ended September 30, 2022.

2022-001        Timely Submission of Audit Reports

The Entity concurs with the finding. The Entity is currently in the process of advertising and interviewing for key management and accounting positions that are currently open. The Entity has engaged the services of a third-party accountant to assist with the month end and year end closing adjustments as of and for the year ended September 30, 2023. The Entity is committed to implementing procedures to ensure the September 30, 2023, year-end close out procedures are performed in a timely manner and thus the September 30, 2023, audit reports are submitted in a timely manner.

The Entity expects the findings to be resolved upon completion and submission of the September 30, 2023, financial statement audit by March 31, 2024. The person responsible for the corrective action is:

Patsy White, Board Chair  
Disability Rights Louisiana  
8325 Oak Street  
New Orleans, Louisiana, 70118

Please let us know if you need additional information.

Respectfully,

Patsy White  
Board Chair

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**DISABILITY RIGHTS LOUISIANA**

**REPORT ON STATEWIDE AGREED-UPON PROCEDURES**  
**ON COMPLIANCE AND CONTROL AREAS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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## **TABLE OF CONTENTS**

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 - 12
Schedule B: Management's Response and Corrective Action Plan	13

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Disability Rights Louisiana,  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. Disability Rights Louisiana's (the Entity) management is responsible for those C/C areas identified in the SAUPs.

Disability Rights Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by Disability Rights Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Disability Rights Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 30, 2023

**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

***A - Written Policies and Procedures***

---

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions noted.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions noted.*

c) ***Disbursements***, including processing, reviewing, and approving

*No exceptions noted.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exceptions noted.*

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*No exceptions noted.*

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions noted.*

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*No exceptions noted.*

**DISABILITY RIGHTS OF LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
SEPTEMBER 30, 2022**

Schedule A

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exceptions noted.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The Entity is a not-for-profit entity; therefore it is not required to have written policies covering ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Entity does not have written policies for Debt Service.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The entity does not have written policies for Information Technology Disaster Recovery/Business Continuity.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The Entity has written policies for Sexual Harassment; however, the policies do not contain attributes (2) and (3) regarding annual employee training and annual reporting.*

***B - Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to*

**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

*public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions noted.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*Not applicable as Disability Rights Louisiana is not a governmental entity.*

***C - Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*A listing of bank accounts was provided and included a total of 5 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected all 5 bank accounts (1 main operating account and 4 remaining accounts) and obtained the bank reconciliations for the month ending February 28, 2022, resulting in 5 bank reconciliations obtained and subjected to the below procedures.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*For 4 out of 5 bank reconciliations selected for testing, the bank reconciliations did not show the preparer (initialed and dated, electronically logged). The bank reconciliations also did not show the date of preparation.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Exceptions noted. The 5 bank reconciliations selected for testing did not show that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliations.*

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Exceptions noted. For 4 out of 5 bank reconciliations, the bank reconciliations showed reconciling items that are more than 12 months outstanding. Management does not have documentation that it has researched these items.*

**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

***D - Collections (excluding electronic funds transfers)***

---

*These procedures are not applicable because Disability Rights Louisiana does not have in-house collections of cash, checks, or money orders.*

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

- e) Trace the actual deposit per the bank statement to the general ledger.

***E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*The listing of locations includes one location that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the one location from the listing and performed the procedures below.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*For the physical disbursement processing location, the employees involved in processing payments also approved payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*For the physical disbursement processing location, the employee responsible for processing payments is not prohibited from adding/modifying vendor files. Another employee is not responsible for periodically reviewing changes to vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Exceptions noted. For the physical disbursement processing location, the employee responsible for processing payments also mails the checks.*

**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*A listing of non-payroll disbursements for the payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 disbursements and performed the procedures below.*

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

*No exceptions noted.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*For all 5 disbursements selected for our procedure, the employee involved in processing payments also approves payments to vendors, the employee responsible for processing payments is not prohibited from adding/modifying vendor files, another employee is not responsible for periodically reviewing changes to vendor files, and the employee responsible for processing payments also mails the checks.*

***F - Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*A listing of active credit cards for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

*From the listing provided, we selected the one card that was used during the fiscal period. We randomly selected one monthly statement for the card and performed the procedures noted below.*

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]



**DISABILITY RIGHTS OF LOUISIANA**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**SEPTEMBER 30, 2022**

Schedule A

*For the monthly statement selected for our procedure, there was no evidence of written review and approval by someone other than the authorized card holder.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*We randomly selected 10 transactions from the monthly credit card statement selected under procedure #12 and performed the specified procedures. No exceptions noted.*

**G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected five reimbursements and performed the procedures below.*

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

- a) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- b) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*No exceptions noted.*

**DISABILITY RIGHTS OF LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
SEPTEMBER 30, 2022**

Schedule A

- c) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

***H - Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected five contracts and performed the procedures below.*

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*None of the 5 contracts selected for testing were subject to Louisiana Public Bid Law.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*None of the 5 contracts selected for testing were required to be approved by the agency's board.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*Of the 5 contracts selected for this procedure, one was amended. No exceptions were noted.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*We randomly selected one payment for the five contracts selected in procedure #15 and performed the specified procedures. No exceptions were noted.*

**DISABILITY RIGHTS OF LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
SEPTEMBER 30, 2022**

Schedule A

***I - Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of employees employed during the fiscal period was provided.*

*From the listing provided, we randomly selected 5 employees and performed the specified procedure. No exceptions were noted as a result of performing this procedure.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees selected in procedure #16.*

- a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*No exceptions noted.*

**DISABILITY RIGHTS OF LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
SEPTEMBER 30, 2022**

Schedule A

19. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions noted.*

***J - Ethics***

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*These procedures are not applicable because Disability Rights Louisiana is a not-for-profit entity.*

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

***K - Debt Service***

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*These procedures are not applicable because Disability Rights Louisiana is a not-for-profit entity.*

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***L - Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represented that there were no misappropriations of public funds or assets during the fiscal period.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions noted.*

**DISABILITY RIGHTS OF LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
SEPTEMBER 30, 2022**

Schedule A

***M - Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

***N - Sexual Harassment***

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*These procedures are not applicable because Disability Rights Louisiana is a not-for-profit entity.*

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**DISABILITY RIGHTS OF LOUISIANA  
MANAGEMENT'S RESPONSES AND CORRECTIVE ACTION PLAN  
SEPTEMBER 30, 2022**

Schedule B

Management's Response and Corrective Action Plan:

*The following are the Disability Rights Louisiana's (the Entity) responses to the findings observed in the Statewide Agreed-Upon Procedures Report for the year ended September 30, 2022.*

- A. Written Policies and Procedures: The Entity concurs with the observation and will adopt the additional language to the policies prior to September 30, 2023.*
- B. Bank Reconciliations: The Entity concurs with the observation and will implement procedures to document the preparer and reviewer. The Entity will document research on reconciling items outstanding for more than 12 months.*
- C. Non-Payroll Disbursements: The Entity concurs with the observation and will implement changes to the roles and responsibilities within the non-payroll disbursement process prior to September 30, 2023.*
- D. Credit Cards/Debit Cards/Fuel Cards/P-Cards: The Entity concurs with the observation and will implement procedures to document review of credit card statements.*