

**SOUTHWEST LOUISIANA AIDS COUNCIL**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Southwest Louisiana AIDS Council  
Lake Charles, Louisiana

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

#### ***Opinion***

We have audited the accompanying financial statements of the Southwest Louisiana AIDS Council (an nonprofit agency), which comprise the statement of financial position as of and for the year ended December 31, 2021, and the related statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Southwest Louisiana AIDS Council, as of December 31, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwest Louisiana AIDS Council, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southwest Louisiana AIDS Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 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 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 the Southwest Louisiana AIDS Council'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 financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southwest Louisiana AIDS Council'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.

### ***Report on Summarized Comparative Information***

We have previously audited Southwest Louisiana AIDS Council's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Louisiana AIDS Council's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Southwest Louisiana AIDS Council'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 the Southwest Louisiana AIDS Council'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 Southwest Louisiana AIDS Council's internal control over financial reporting and compliance.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
June 28, 2022

**Southwest Louisiana AIDS Council**  
**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**  
**with comparative totals for 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,325,318	\$ 1,354,704
Cash restricted for capital projects	20,894	9,509
Grants receivable	560,829	295,027
Program receivable	182,627	331,200
Other current assets	19,361	5,597
Deferred tax asset - federal	1,355	1,355
Total current assets	2,110,384	1,997,392
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	126,072	121,252
Leasehold improvements	324,308	200,970
	450,380	322,222
Less accumulated depreciation	(260,752)	(227,338)
Net property and equipment	189,628	94,884
 <b>OTHER ASSETS</b>		
Other receivable	-	11,709
 <b>Total Assets</b>	<b>\$ 2,300,012</b>	<b>\$ 2,103,985</b>

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

**Southwest Louisiana AIDS Council**  
**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**  
**with comparative totals for 2020**

**LIABILITIES**

	<b>2021</b>	<b>2020</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 500,164	\$ 588,536
Payroll taxes payable	17,590	12,324
Income taxes payable	10,479	1,276
Compensated absences payable	40,110	44,359
Other accrued liabilities	15,145	10,536
Line of credit	-	150,000
Deferred support	3,750	3,750
Total current liabilities	587,238	810,781
<b>LONG TERM LIABILITIES</b>		
PPP note payable	-	344,453
Total liabilities	587,238	1,155,234
<b>NET ASSETS</b>		
Without donor restrictions	1,691,880	939,242
With donor restrictions	20,894	9,509
Total net assets	1,712,774	948,751
<b>Total Liabilities and Net Assets</b>	\$ 2,300,012	\$ 2,103,985

Southwest Louisiana AIDS Council

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021  
with comparative totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Government grants	\$ 2,772,546	\$ -	\$ 2,772,546	\$ 2,205,205
340 B program income	3,678,210	-	3,678,210	3,636,900
Contributions	56,775	-	56,775	62,217
Non-Government grants	30,217	-	30,217	21,154
Interest income	1,869	-	1,869	2,826
Miscellaneous income	621,957	-	621,957	52,410
Bingo revenues	240,814	10,646	251,460	83,913
Total revenues and gains	7,402,388	10,646	7,413,034	6,064,625
Net assets released from restrictions	(739)	739	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>7,401,649</b>	<b>11,385</b>	<b>7,413,034</b>	<b>6,064,625</b>
<b>EXPENSES AND LOSSES</b>				
Program service-community services	6,378,871	-	6,378,871	5,994,583
Management and general	56,623	-	56,623	23,320
Fund-raising/special events	15,205	-	15,205	-
Bingo	198,312	-	198,312	87,005
<b>TOTAL EXPENSES AND LOSSES</b>	<b>6,649,011</b>	<b>-</b>	<b>6,649,011</b>	<b>6,104,908</b>
<b>CHANGE IN NET ASSETS</b>	<b>752,638</b>	<b>11,385</b>	<b>764,023</b>	<b>(40,283)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>939,242</b>	<b>9,509</b>	<b>948,751</b>	<b>989,034</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,691,880</b>	<b>\$ 20,894</b>	<b>\$ 1,712,774</b>	<b>\$ 948,751</b>

**Southwest Louisiana AIDS Council**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended December 31, 2021  
with comparative totals for 2020**

	Program Services	Management and General	Fund Raising	Bingo	Total Program and Supporting Service Expense	
					2021	2020
Advertising and public relations	\$ 3,466	\$ 2,373	\$ -	\$ 400	\$ 6,239	\$ 1,768
Bank fees	177	436	-	5	618	455
Client assistance	898,398	454	15,000	-	913,852	636,407
Cost of 340 B program	2,816,572	-	-	-	2,816,572	2,957,370
Gaming fees	-	-	-	42,070	42,070	14,133
Income tax expenses - current	-	9,203	-	11,423	20,626	10,022
Insurance	58,016	800	-	-	58,816	36,742
Interest expense	439	3,515	-	100	4,054	8,775
Miscellaneous	777	228	-	100	1,105	1,966
Medical services	273,663	-	-	-	273,663	261,743
Payroll taxes	108,464	829	-	4,457	113,750	96,934
Postage	8,178	29	-	-	8,207	3,643
Printing and publications	200	(26)	-	-	174	1,537
Professional fees	66,502	7,300	-	9,775	83,577	100,984
Rent and occupancy	268,773	15,971	-	26,244	310,988	244,612
Equipment and computer maintenance	132,333	(5,842)	-	1,709	128,200	122,888
Salaries and benefits	1,643,732	8,421	-	58,791	1,710,944	1,492,620
Sponsored events	307	142	205	-	654	512
Supplies	40,206	12,671	-	43,238	96,115	59,949
Taxes and licenses	82	-	-	-	82	1,618
Telephone and internet	18,099	119	-	-	18,218	17,336
Travel, transportation and training	7,073	-	-	-	7,073	9,779
Total before depreciation and amortization	6,345,457	56,623	15,205	198,312	6,615,597	6,081,793
Depreciation and amortization	33,414	-	-	-	33,414	23,115
<b>TOTAL EXPENSES</b>	<b>\$ 6,378,871</b>	<b>\$ 56,623</b>	<b>\$ 15,205</b>	<b>\$ 198,312</b>	<b>\$ 6,649,011</b>	<b>\$ 6,104,908</b>

**Southwest Louisiana AIDS Council**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021  
with comparative totals for 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 764,023	\$ (40,283)
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation and amortization	33,414	23,115
(Increase) decrease in operating assets		
Grants receivable	(265,802)	(75,651)
Other current assets	(13,764)	9,731
Other receivable	11,709	1,957
Program receivable	148,573	(102,383)
Increase (decrease) in operating liabilities		
Accounts payable	(88,372)	176,782
Deferred support	-	3,750
Payroll tax payable	5,266	10,195
Accrued liabilities and income taxes payable	9,563	15,867
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>604,610</b>	<b>23,080</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, equipment and improvements	(128,158)	(1,244)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(128,158)</b>	<b>(1,244)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of credit advances	-	30,000
Line of credit payments	(150,000)	
PPP loan forgiveness	(344,453)	
PPP loan proceeds	-	344,453
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(494,453)</b>	<b>374,453</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(18,001)</b>	<b>387,289</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>1,364,213</b>	<b>976,924</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,346,212</b>	<b>\$ 1,364,213</b>
Supplemental Disclosure for Cash Flow Information:		
Cash paid during year for interest	\$ 4,054	\$ 8,775
Income tax paid during year	\$ 13,729	\$ 5,134

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Southwest Louisiana AIDS Council have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Agency and Purpose

Southwest Louisiana AIDS Council (SLAC) is a 501 (c) (3) Louisiana not-for-profit Agency founded in 1987 whose mission is: To provide education and prevention services to the public about HIV/AIDS prevention and to provide housing assistance, social and medical services to people living with HIV/AIDS in the region. SLAC provides services to the residents of five parishes of Allen, Beauregard, Calcasieu, Cameron and Jeff Davis.

SLAC is the Ryan White Part B and Housing Opportunities for People Living with AIDS (HOPWA) grantee, through the Louisiana Department of Health and Hospitals. SLAC also is the grantee for the Ryan White HIV/AIDS Program Part C, Early Intervention Services and Ryan White Part D Program, Coordinated HIV Services and Access to Research for Women, Infants and Children and Youth, (WICY), and has partnered with the Comprehensive Care Clinic (CCC) since 2000.

SLAC-CCC services include: counseling, testing and referral services (CTRS); linkage and navigation services; laboratory, primary medical and HIV care; psychiatry, mental health and substance use/addiction services; medical case management including high risk medical case management and non-medical case management with insurance enrollment; treatment adherence counseling and pharmacy services; nutrition assessments, nutrition therapy, and food pantries; oral health, refractive vision care, medical transportation, as well as peer support groups and small group therapy sessions. In addition, SLAC provides in-house training about HIV/AIDS to individuals and families, to faith-based and civic Agencies, in primary and secondary educational institutions as well as providing education programs and curriculum at health fairs, community forums, and through other events and activities.

The CCC Medical Director and SLAC Executive Director partner together to provide a comprehensive continuum of quality care for people living with HIV/AIDS in Southwest Louisiana by maximizing effective utilization of resources and by reducing duplication of services. Both entities have extensive knowledge and experience in the provision of HIV services and in federal, state and private grant management.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASU 2016-14, Financial Statements of Not-for-Profit Entities. Under FASB ASU 2016-14, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions include amounts that are not subject to usage restrictions on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. Net assets with

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

donor restrictions include assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Agency. Certain restrictions may need to be maintained in perpetuity.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Agency considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Property and Equipment

The Agency follows the practice of capitalizing all furniture and fixtures acquired in excess of \$500. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation and amortization is provided over the estimated useful lives of the assets using the straight-line method. Depreciation and amortization amounted to \$33,414 for the year ended December 31, 2021 and \$23,115 for December 31, 2020, based on an estimated useful life of five years for furniture, fixtures and equipment and fifteen years for leasehold improvements.

6. Concentration of Revenue and Support

A majority of the revenue for the Agency's programs is provided by, government grants (37%), the Agency's participation in the 340B program (50%), and bingo revenues (3%) and by various donors through contributions and fundraisers. If the Agency no longer held the bingo sessions, or no longer participated in the 340B Program, or there were significant reductions in amounts received in funding or by donors, the operations of the Agency could be adversely impacted.

7. Restricted and Unrestricted Revenue Support

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restriction.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

8. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended December 31, 2021, the Agency incurred \$6,239 and \$1,768 for December 31, 2020 in publicity and promotion costs.

9. Contributed Goods and Services

A substantial number of volunteers have donated significant amounts of their time to the Agency and its various programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

10. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair value of investments is based on quoted market prices for those similar investments.

**NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Agency's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Agency's estimates of the amount of each expense utilized for program or support service functions.

**Southwest Louisiana AIDS Council  
Notes to Financial Statements  
December 31, 2021**

**NOTE D - RETIREMENT PLAN**

The Agency adopted and participates in a Simplified Employee Pension Plan (SEP) that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter. The Agency’s contribution rate to the plan is 4% of eligible gross wages. Total contributions to the plan for the year ended December 31, 2021 were \$47,380 and \$43,398 for December 31, 2020.

**NOTE E - INCOME TAXES**

Southwest Louisiana AIDS Council was incorporated under the laws of the state of Louisiana. The Agency is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Agency is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$20,626 for the year ended December 31, 2021 and \$10,022 for December 31, 2020. Southwest Louisiana AIDS Council is required to file the applicable Form 990, *Return of Agency Exempt from Income Tax*, and Form 990-T, *Exempt Agency Business Income Tax Return*. The Agency believes that has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Returns are subject to examination by the IRS, generally for three years after they are filed.

**NOTE F – WITH DONOR RESTRICTIONS GRANTS/ ENDOWMENT FUND**

With donor restrictions net assets consist of the Slade-Stewart endowment fund. Donations, so designated, are to be segregated in a bank account and be utilized for capital projects of the agency.

Balance January 1, 2021	\$ 9,509
Contributions received	11,385
Expended for capital improvements	<u>-0-</u>
Balance December 31, 2021	<u>\$ 20,894</u>

**NOTE G - COMPENSATED ABSENCES**

Annual and sick leave is earned by each full-time and each part-time associate, temporary employees are not entitled to annual paid leave or sick leave. Annual leave for the preceding year must be used within three months following the completion of the year of its accrual. Failure to use the annual leave by this date results in the employee’s forfeiture of the unused amount of annual leave. Any unused sick leave is forfeited by the employee at their time of resignation or retirement.

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE H – 340 B PROGRAM**

The Agency participates in the 340B Prescription Drug Program. Income and expenses for the program were as follows for the year ended December 31, 2021:

	2021
Program income	\$ 3,678,210
Cost of medications sold	<u>2,180,368</u>
Gross profit	1,497,842
Management fees and other	<u>636,204</u>
Net margin	<u>\$ 861,638</u>

**NOTE I - LEASES**

The Agency leases its office facility (Kingsley Street) under a five-year lease agreement with Ribbons of Hope, Inc.. The lease began on April 1, 2015 and is for a term of five years. The lease has ten five year options to extend the lease. The lease is a non-cancelable operating lease agreement. The base rent is equal to the mortgage note payable by the lessor on the leased premises or ten thousand dollars, whichever is greater.

The Agency leases a office facility (1715 Common Street) under a five-year lease agreement with Ribbons of Hope, Inc.. The lease began on August 3, 2001 and is for a term of five years. The lease has ten five year options to extend the lease. The lease is a non-cancelable operating lease agreement. The base rent is equal to the mortgage note payable by the lessor on the leased premises, whichever is greater.

The Agency leases a office facility (1700 Common Street) under a five-year lease agreement with Ribbons of Hope, Inc.. The lease began on March 1, 2021 and is for a term of five years. The lease has ten five year options to extend the lease. The lease is a non-cancelable operating lease agreement. The base rent is equal to the mortgage note payable by the lessor on the leased premises, whichever is greater.

The following is a schedule of future minimum rental payments under this lease agreement:

Year ending December 31:

2022	\$ 297,600
2023	\$ 297,600
2024	\$ 297,600
2025	\$ 297,600
2026	\$ 297,600

**Southwest Louisiana AIDS Council  
Notes to Financial Statements  
December 31, 2021**

**NOTE J – RELATED PARTY TRANSACTIONS**

The lease described in Note I above was executed with Ribbons of Hope, Inc. The Executive Director of the Agency is a non-voting attendee at Ribbons of Hope, Inc. board meetings. The Treasurer of the Agency’s Board of Directors also serves as the President of Ribbons of Hope Inc. The Agency owed \$232,044 to Ribbons of Hope, Inc. as of December 31, 2021 and \$190,950 as of December 31, 2020, for rent.

**NOTE K – CASH AND CASH EQUIVALENTS**

The Agency maintains the following cash accounts:

		December 31, 2021
Petty Cash Accounts	\$	10,270
Operating Account		611,381
Operating Gaming		83,672
Cash on Hand Gaming		6,500
Savings Board Reserved		613,495
Endowment Fund		20,894
	\$	<u>1,346,212</u>

**NOTE L - CONCENTRATION OF RISK**

Southwest Louisiana AIDS Council maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC), based on balances and interest rate terms. Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits. The Agency deposits its cash with high quality financial institutions, and management believes the Agency is not exposed to significant credit risk on those amounts.

**NOTE M – LINE OF CREDIT**

The Agency has a revolving line of credit with Iberia Bank for \$300,000 at a variable rate of interest. The maturity date on the line of credit is March 2023. As of December 31, 2021, the Agency owed \$-0- on the line of credit.

**NOTE N – GRANTS RECEIVABLE**

Grants receivable consisted of amounts due from state and federal agencies passed through the State of Louisiana, Department of Health and Hospitals. The balance at December 31, 2021 was \$650,392 and \$295,027 at December 31, 2020.

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE O – REVENUE RECOGNITION**

On January 1, 2019, the Organization adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract.

Bingo revenues, which includes \$1,152,508 in gross revenues netted against \$901,048 in awards, are recognized when based on the outcome of an event either (1) the Organization retains the amount wagered by the customer or (2) the wager is returned to the customer along with an additional amount effectively representing the Organizations side of the wager in the agreement. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Organization’s estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the Organization’s net revenue disaggregated based on the revenue source:

<u>For the year ended December 31,</u>	<u>2021</u>	<u>2020</u>
Bingo revenues, net of awards	\$ 251,460	\$ 83,913
Fundraising event exchange transactions	-0-	-0-
Total revenue from contracts with customers	<u>\$ 251,460</u>	<u>\$ 251,460</u>

**NOTE P - SUBSEQUENT EVENT**

The Agency evaluated its December 31, 2021 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The Agency is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**Southwest Louisiana AIDS Council**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE Q – QUANTITATIVE AND QUALITATIVE LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Agency’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board of directors approves that action.

	<b>2021</b>
Current assets	\$ 2,110,384
Subtract: cash restricted for capital projects	( 20,894)
Subtract: deferred asset	( 1,355)
Subtract: board-designated operating reserves	<u>( 613,495)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,474,640</u>

**NOTE 17 – PPP NOTE PAYABLE**

During the year ended December 31, 2021, the Organization applied for and has been notified that \$344,453 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in the accompanying statement of activities.

**SWLA Aids Council**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended December 31, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Other Programs</i></b>			
Department of Health and Human Services			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		581,017
Total Coordinated Services and Access to Research for Women, Infants, Children, and Youth			581,017
HIV Care Formula Grants			
HIV Care Formula Grants	93.917	Dept of Health and Hospitals	780,793
Total HIV Care Formula Grants			780,793
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		802,008
Total Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			802,008
Special Projects of National Significance			
Special Projects of National Significance	93.928	Rutgers University	185,178
Total Special Projects of National Significance			185,178
<i>Total Department of Health and Human Services</i>			2,348,996
Department of Housing and Urban Development			
Housing Opportunities for Persons with AIDS			
Housing Opportunities for Persons with AIDS	14.241	Department of Health and Hospitals	423,550
Total Housing Opportunities for Persons with AIDS			423,550
<i>Total Department of Housing and Urban Development</i>			423,550
<b><i>Total Other Programs</i></b>			<b>2,772,546</b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b>\$ 2,772,546</b>

The accompanying notes are an integral part of this schedule

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Louisiana AIDS Council and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 of U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements or Federal Awards (Uniform Guidance). Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, Cost Principles of Non-Profit Organizations. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

Southwest Louisiana Aids Council has elected not to use the 10 percent de minimis cost rate as allowed under Uniform Guidance.

**Southwest Louisiana AIDS Council**

**Schedule of Compensation, Benefits and Other Payments to Executive Director**

**Paid from Public Funds**

**December 31, 2021**

**Agency Head Name: Terry Estes, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	71,330
Benefits-health insurance	10,968
Benefits-retirement	2,853
Benefits-Life, ADD, LTD	143
Car allowance	0
Vehicle provided by government	0
Per diem for out of town meals	0
Reimbursements – Auto Mileage Reimb	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	303
	85,597

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## **INDEPENDENT AUDITOR'S 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***

Board of Directors  
Southwest Louisiana AIDS Council  
Lake Charles, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Louisiana AIDS Council (a nonprofit Agency), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southwest Louisiana AIDS Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Louisiana AIDS Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Louisiana AIDS Council'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 my audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southwest Louisiana AIDS Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
June 28, 2022

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Southwest Louisiana AIDS Council  
Lake Charles, LA

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

We have audited Southwest Louisiana AIDS Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwest Louisiana AIDS Council's major federal programs for the year ended December 31, 2021. Southwest Louisiana AIDS Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Southwest Louisiana AIDS Council's major federal programs based on my audit of the types of compliance requirements referred to above. We conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Louisiana AIDS Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Southwest Louisiana AIDS Council's compliance.

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

In our opinion, Southwest Louisiana AIDS Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### **Report on Internal Control Over Compliance**

Management of Southwest Louisiana AIDS Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwest Louisiana AIDS Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Southwest Louisiana AIDS Council's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana  
June 28, 2022

**Southwest Louisiana AIDS Council**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2021**

**Section I – Summary of Auditor’s Results**

1. The auditors’ report expresses an unmodified opinion on the financial statements of the Southwest Louisiana AIDS Council.
2. There were no significant deficiencies in internal control required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
3. There were no material weaknesses in internal control required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
4. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.
5. There were no significant deficiencies in internal control over major federal award programs required to be disclosed by the Uniform Guidance.
6. The auditors’ report on compliance for the major federal award programs for the Southwest Louisiana AIDS Council expresses an unmodified opinion on all major federal programs.
7. The audit disclosed no findings required to be reported in accordance with the Uniform Guidance.
8. The programs tested as a major program included:
  - Coordinated Services and Access to Research for Women, Infants, Children and Youth - CFDA 93.153
  - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease - CFDA 93.918
  - Grants to Provide HIV Formula Grants - CFDA 93.917
9. The threshold for distinguishing Type A and B programs was \$750,000.
10. The Southwest Louisiana AIDS Council was determined to be a low risk auditee as defined by Uniform Guidance.

**Section II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:**

There were no current year findings.

**Section II – Findings and questioned costs for federal awards which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance):**

**Southwest Louisiana AIDS Council  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2020**

**NONE REPORTED**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Southwest Louisiana Aids Council and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below 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 January 1, 2021 through December 31, 2021. Southwest Louisiana Aids Council's management is responsible for those C/C areas identified in the SAUPs.

Southwest Louisiana Aids Council 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 January 1, 2021 through December 31, 2021. Additionally, 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 and associated findings are as follows:

### ***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.
  - 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.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- 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).
- 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.
- 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.
- 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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Observation: Although written policies for some areas exist, the policies have not been updated for several years.*

*Management's Response: The agency will review accounting and financial policies for possible revision.*

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

*No exceptions were found as a result of these procedures.*

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

*No exceptions were found as a result of these procedures.*

### *Collections (excluding electronic funds transfers)*

---

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

*No exceptions were found as a result of these procedures.*

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
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) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions were found as a result of these procedures.*

***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.

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:
  - 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 (or electronically approved), 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
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.

*No exceptions were found as a result of these procedures.*

#### **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:
  - 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)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of these procedures.*

### ***Contracts***

---

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) 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.
  - 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).
  - 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).
  - 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.

*No exceptions were found as a result of these procedures.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 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.
- 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 were found as a result of these procedures.*

### ***Ethics***

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- 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.

*Not applicable.*

### ***Debt Service***

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- 21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument 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).

*Not applicable.*

## ***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.
24. Observe 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.

*Posting of fraud notice was not located on premises nor entity's website.*

## ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - 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.
  - 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.
  - 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 Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.*

## ***Sexual Harassment***

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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.

*Not applicable.*

We were engaged by Southwest Louisiana Aids Council 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 Southwest Louisiana Aids Council 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.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
June 28, 2022

