

ACADIANA OPEN CHANNEL, INC.

Financial Report

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

To the Board of Directors
Acadiana Open Channel, Inc.
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Acadiana Open Channel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Acadiana Open Channel, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Acadiana Open Channel, Inc. 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 Acadiana Open Channel, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 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 Acadiana Open Channel Inc.'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 Acadiana Open Channel, Inc.'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022, on our consideration of Acadiana Open Channel, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Acadiana Open Channel, Inc.'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 Acadiana Open Channel, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 21, 2022

FINANCIAL STATEMENTS

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Statement of Financial Position
June 30, 2022

ASSETS

Current assets:	
Cash and cash equivalents	\$ 297,246
Receivables -	
Accounts	1,335
Grants	177,981
Prepaid expenses	<u>14,826</u>
Total current assets	491,388
Property and equipment, net	25,458
Other assets:	
Security deposits	<u>5,100</u>
Total assets	<u>\$ 521,946</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 14,459
Accrued liabilities	<u>20,862</u>
Total current liabilities	<u>35,321</u>
Net assets:	
Without donor restrictions-	
Undesignated	480,935
With donor restrictions	<u>5,690</u>
Total net assets	<u>486,625</u>
Total liabilities and net assets	<u>\$ 521,946</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Statement of Activities
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Grants-			
Lafayette City-Parish Consolidated Government	\$ 481,121	\$ -	\$ 481,121
Lafayette Utilities System	49,115	-	49,115
Cox Communications	<u>180,857</u>	<u>-</u>	<u>180,857</u>
Total grants	<u>711,093</u>	<u>-</u>	<u>711,093</u>
Contributions and other:			
Contributions	2,264	-	2,264
Membership fees	9,877	-	9,877
Charges for services	925	-	925
Other income	<u>471</u>	<u>-</u>	<u>471</u>
Total contributions and other	<u>13,537</u>	<u>-</u>	<u>13,537</u>
Total revenues and other support	<u>724,630</u>	<u>-</u>	<u>724,630</u>
Expenses -			
Program services - Public Access Television	<u>674,857</u>	<u>-</u>	<u>674,857</u>
Supporting services:			
Management and general	123,898	-	123,898
Fundraising expenses	<u>40,091</u>	<u>-</u>	<u>40,091</u>
Total supporting services	<u>163,989</u>	<u>-</u>	<u>163,989</u>
Total expenses	<u>838,846</u>	<u>-</u>	<u>838,846</u>
Change in net assets	<u>(114,216)</u>	<u>-</u>	<u>(114,216)</u>
Net assets, beginning of year	<u>595,151</u>	<u>5,690</u>	<u>600,841</u>
Net assets, end of year	<u>\$ 480,935</u>	<u>\$ 5,690</u>	<u>\$ 486,625</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services	Supporting Services			Total Expenses
	Direct Access Television	Management and General	Fundraising	Total Support Services	
Bank fees	\$ 92	\$ 22	\$ -	\$ 22	\$ 114
Broadcast expense	12,114	-	-	-	12,114
Consulting	10,356	2,589	-	2,589	12,945
Depreciation	13,313	2,349	-	2,349	15,662
Dues and subscriptions	1,021	113	-	113	1,134
Employee benefits	94,345	17,690	5,895	23,585	117,930
Grants to agencies	492	-	-	-	492
Insurance	12,773	2,395	799	3,194	15,967
Marketing	2,228	-	117	117	2,345
Other	3,872	585	195	780	4,652
Postage	211	53	262	315	526
Printing	427	89	195	284	711
Professional services	11,436	2,144	715	2,859	14,295
Project expenses	299	-	-	-	299
Promotions	509	-	27	27	536
Rent expense	105,775	19,833	6,611	26,444	132,219
Repairs and maintenance	17,748	3,328	1,108	4,436	22,184
Salaries and wages	352,329	66,061	22,021	88,082	440,411
Supplies	4,166	781	260	1,041	5,207
Telephone	7,070	1,325	441	1,766	8,836
Training	1,143	203	-	203	1,346
Travel expense	11	2	-	2	13
Utilities	22,666	4,250	1,416	5,666	28,332
Volunteer development	461	86	29	115	576
Total	<u>\$ 674,857</u>	<u>\$ 123,898</u>	<u>\$ 40,091</u>	<u>\$ 163,989</u>	<u>\$ 838,846</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Decrease in net assets	\$ (114,216)
Adjustments to reconcile change in net assets to net cash used by operating activities -	
Depreciation	15,662
Change in current assets and liabilities:	
Receivables	29,136
Prepaid expenses	246
Accounts payable	(2,780)
Accrued liabilities	<u>(12,004)</u>
Net cash used by operating activities	(83,956)
Cash and cash equivalents, beginning of year	<u>381,202</u>
Cash and cash equivalents, end of year	<u>\$ 297,246</u>

The accompanying notes are an integral part of this statement.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Acadiana Open Channel, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana on July 1, 1981. Its purpose is to coordinate the use of public access channels provided by the cable television system in Lafayette, Louisiana. The Organization also provides production facilities, technical assistance, and training to individuals, groups and organizations interested in producing non-commercial education, cultural, informational or other community-oriented television programs.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time of other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Grants Receivable

Grants receivable are recognized only to the extent that related expenses have been incurred.

E. Prepaid Expenses

Prepaid balances are the payments made by the Organization in the current year to provide services occurring in the subsequent fiscal year.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

F. Property and Equipment

The Organization's capitalization policy is \$1,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Depreciation is computed by the straight-line method at rates based the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Production and studio equipment	7 - 10 years
Furniture, equipment, and software	5 - 10 years
Leasehold improvements	10 years

Under the terms of the contract with the Lafayette City-Parish Consolidated Government, ownership of equipment acquired with funds derived from the contract reverts to the Lafayette City-Parish Consolidated Government upon termination of that contract.

G. Revenue and Expense Recognition

The Organization receives grants and contributions from various entities. Grant revenues are recognized only to the extent that related expenses have been incurred. Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

H. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which they are earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon retirement for all employees with the exception of the executive director, who will receive up to 25 days of unused vacation. At June 30, 2022, the accrued vacation leave amounted to \$13,608.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

I. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2018.

J. Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

L. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated based on time and effort.

M. Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the year ended June 30, 2022.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use because of donor-imposed regulation within one year of the statement of financial position date.

Financial assets, at year-end	\$ 476,562
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions-	
Restricted by donor with purpose restrictions	<u>(5,690)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 470,872</u>

The Organization has \$470,872 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$291,556, grants receivable of \$177,981, and other receivables of \$1,335. As part of the Organizations liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(3) Grants Receivable

Grants receivable consist of the following at June 30, 2022:

Lafayette City-Parish Consolidated Government	\$ 120,422
Cox Communications	44,743
Lafayette Utilities System	<u>12,816</u>
	<u>\$ 177,981</u>

(4) Prepaid Expenses

Prepaid expenses consist of the following at June 30, 2022:

Insurance	\$ 14,069
Software maintenance	<u>757</u>
	<u>\$ 14,826</u>

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(5) Property and Equipment

Property and equipment consist of the following as of June 30, 2022:

Production and studio equipment	\$ 366,401
Furniture, equipment, and software	137,332
Leasehold improvements	<u>62,891</u>
Total property and equipment	566,624
Less: Accumulated depreciation	<u>(541,166)</u>
Property and equipment, net	<u>\$ 25,458</u>

Depreciation expense for the year ended June 30, 2022 was \$15,662.

(6) Net Assets with Donor Restrictions

The Organization acts as a fiscal agent for various events and workshops offered to the public. All receipts and disbursements for these activities are handled through the Organization's operating cash account. However, since these funds are restricted by legal contracts, the net assets generated from the events are considered net assets with donor restrictions. As the funds are spent in accordance with the contracts, they are released and expensed in the released from donor restrictions net asset activities on the statement of activities. Additionally, the Organization accumulates donations to be used for individuals who cannot afford the membership dues, which are considered to be net assets with donor restrictions.

Net assets with donor restrictions consist of the following at June 30, 2022:

Membership Scholarship	\$ 2,690
Project Storm Drain	<u>3,000</u>
	<u>\$ 5,690</u>

(7) Operating Leases

Effective July 1, 2010, the Organization entered into a lease with the Lafayette City-Parish Consolidated Government for 8,300 feet of office space in the Rosa Parks Transportation Center for an initial primary term of 10 years commencing July 1, 2010 with options for two additional terms of five years each. Future minimum lease payments due under the terms of the initial primary term are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 132,219
2024	132,219
2025	<u>132,219</u>
	<u>\$ 396,657</u>

Lease expense amounted to \$132,219 for the year ended June 30, 2022.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(8) Support and Revenue Sources/Concentrations

The Organization receives grants and contributions from various entities. The major revenue sources are grants received from contracts with the Lafayette City-Parish Consolidated Government, Lafayette Utilities System and Cox Communications. The Organization has contracted with the Lafayette City-Parish Consolidated Government to coordinate the use of public access channels for 35% of the receipts received by the Lafayette City-Parish Consolidated Government for franchise fees.

Additionally, the Organization has contracts with Lafayette Utilities System and Cox Communications for \$49,115 and \$180,857, respectively. For the year ended June 30, 2022, approximately 98% of the Organization's revenue and other support were from these contracts.

(9) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit by grantor agencies, principally the Lafayette City-Parish Consolidated Government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expense which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

(10) Risk Management

The Organization is exposed to risks of loss in the areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage in any of the past three years.

(11) Concentration of Credit Risk

The Organization maintains cash account balances and a certificate of deposit at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, the Organization's cash balances were fully insured.

(12) Board Member Compensation

The members of the board of directors of Organization serve on a voluntary basis and receive no form of compensation for those duties.

ACADIANA OPEN CHANNEL, INC.
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(13) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation and benefits paid to Ed Bowie, Executive Director, for the year ended June 30, 2022 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 69,000
Benefits - insurance	8,826

(14) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements. The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

(15) Subsequent Events Review

The Organization's management has evaluated subsequent events through October 21, 2022, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

To the Board of Directors
Acadiana Open Channel, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Acadiana Open Channel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Open Channel, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Acadiana Open Channel, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2022-001 that we considered to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Acadiana Open Channel, Inc.'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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Acadiana Open Channel, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Acadiana Open Channel, Inc.'s response to the finding identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Organization'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 result 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 21, 2022

ACADIANA OPEN CHANNEL, INC
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2022

Part I. Current Year Findings and Management's Corrective Action Plan

A. Compliance Findings-

There are no findings to report under this section.

B. Internal Control Findings-

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Organization did not have adequate segregation of accounting functions.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Part II. Prior Year Findings

A. Compliance Findings-

There are no findings to report under this section.

B. Internal Control Findings-

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over the functions that are not completely segregated.

STATUS: Unresolved. See finding 2022-001.

Acadiana Open Channel, Inc.

Agreed-Upon Procedures Report

Year Ended June 30, 2022

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Director of
Acadiana Open Channel, Inc.
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 July 1, 2021 through June 30, 2022. Acadiana Open Channel, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Acadiana Open Channel, Inc. 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 July 1, 2021 through June 30, 2022. 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. We obtained and inspected Acadiana Open Channel, Inc.'s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the 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 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) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in 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.

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) Observe that 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.
 - c) 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 unrestricted fund balance in the General Fund.

Bank Reconciliations

3. We obtained a listing of Acadiana Open Channel, Inc.'s bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding electronic fund transfers)

4. We obtained 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. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are 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. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed the bond or insurance policy for theft was enforced during the fiscal period.

7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that 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) Traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing was complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 we observed 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.
10. For each location selected under #8 above, we obtained Acadiana Open Channel, Inc.’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management’s representation that the population is complete. We randomly selected 5 disbursements for each location, we obtained supporting documentation for each transaction and:
 - a) We observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) We observed that the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. We obtained 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. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, we randomly selected one monthly bank statement), we obtained supporting documentation, and:
 - a) We observed that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) We observed 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, we randomly selected 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, we observed that 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, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

14. We obtained 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. We randomly selected 5 reimbursements, we obtained 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, we observed 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).
 - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained 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.* We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) We observed that 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), we observed that 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) We randomly selected one payment from the fiscal period for each of the 5 contracts, we obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, we obtained related paid salaries and personnel files, and we agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
- a) We observed that 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.)
 - b) We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) We observed that any leave accrued or taken during the pay period is reflected in Acadiana Open Channel, Inc.'s cumulative leave records.
 - d) We observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, we obtained related documentation of the hours and pay rates used in management's termination payment calculations and Acadiana Open Channel, Inc.'s policy on termination payments. We agreed the hours to the employee or officials' cumulate leave records, agreed the pay rates to the employee/officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.
19. We obtained 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, we obtained ethics documentation from management, and:
- a) We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) We observed 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.

Debt Service

21. We obtained 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. We obtained 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).

Fraud Notice

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing was complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that Acadiana Open Channel, Inc. reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed that Acadiana Open Channel, Inc. 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.

Information Technology Disaster Recovery/Business Continuity

25. We performed the following procedures, **verbally discussed the results with management, and reported “We performed the procedure and discussed the results with management.”**
- a) We obtained and inspected 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 observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), we observed evidence that backups are encrypted before being transported.
 - b) We obtained and inspected 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 observed evidence that the test/verification was successfully performed within the past 3 months.

- c) We obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. We randomly selected 5 computers and observed 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.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained sexual harassment training documentation from management, and observed the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. We observed 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. We obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed 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.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

- 1. The entity's written policies and procedures do not address the following: how purchases are initiated, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with public bid law, and documentation required to be maintained for all bids and price quotes; the disbursement process; management's actions to determine the completeness of all collections for each type of revenue; the approval process for employee's rate of pay or approval and maintenance of pay rate schedules; the types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process; and the identification of critical data and frequency of backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Board

2. The Organization's board minutes for the fiscal period did not reference or include financial activity relating to public funds for three of the eight board meetings held.

Collections

3. The Organization's collection site does not demonstrate that job duties are properly segregated.

Disbursements

4. The Organization's location that processes payments does not demonstrate that job duties are properly segregated.
5. The Organization did not have supporting documentation indicating the deliverables included on the invoice were received by the entity for four of five disbursements tested and all the disbursements tested did not include evidence of segregation of duties.

Credit Cards

6. The Organization had fees and interest charges assessed on the selected statement for one of the two credit cards tested, and one of the two credit cards tested did not have written evidence that the monthly statement was reviewed and approved by someone other than the authorized card holder.

Travel and Travel-related Expense Reimbursements

7. The Organization had one travel expense reimbursement tested that was not reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Management's Response:

Management of Acadiana Open Channel, Inc. concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by Acadiana Open Channel, Inc. 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 Acadiana Open Channel, Inc. 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 21, 2022