

Consolidated Financial Report

*Louisiana National Guard Foundation
and Subsidiaries*

June 30, 2023



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Louisiana National Guard Foundation and Subsidiaries New Orleans, Louisiana

June 30, 2023 and 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana National Guard Foundation and Subsidiaries,
New Orleans, Louisiana.

Opinion

We have audited the accompanying consolidated financial statements of Louisiana National Guard Foundation and Subsidiaries (the "Organization") which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana National Guard Foundation and Subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis, as required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedule 1 is fairly stated, in all material respects, in relation to the consolidated 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 October 12, 2023, on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Organization's internal control over financial reporting and compliance.



Certified Public Accountants.

New Orleans, Louisiana,
October 12, 2023.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**Louisiana National Guard Foundation and Subsidiaries**

New Orleans, Louisiana

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 310,055	\$ 564,179
Accounts receivable, net	75,605	52,215
Grants receivable, net	61,549	244,063
Prepaid expenses	17,125	10,570
Other assets	88,095	64,815
Accrued interest	20,789	19,596
Investments	2,963,750	2,432,112
Note receivable	100,000	100,000
Property and equipment - net	11,393	17,091
Burn System receivable, net	<u>2,342,647</u>	<u>2,330,760</u>
Total assets	<u>\$5,991,008</u>	<u>\$5,835,401</u>
Liabilities		
Accounts payable	\$ 57,333	\$ 255,550
Grants payable	18,111	2,162
Accrued expenses	9,773	17,926
Other liabilities	-	8,604
Deferred revenue	<u>49,528</u>	<u>53,990</u>
Total liabilities	<u>134,745</u>	<u>338,232</u>
Net Assets		
Without donor restrictions	2,671,247	2,122,425
With donor restrictions	<u>3,185,016</u>	<u>3,374,744</u>
Total net assets	<u>5,856,263</u>	<u>5,497,169</u>
Total liabilities and net assets	<u>\$5,991,008</u>	<u>\$5,835,401</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Louisiana National Guard Foundation and Subsidiaries**

New Orleans, Louisiana

For the year ended June 30, 2023

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Totals</u>
Revenues and Support			
Billeting	\$ 643,025	\$ -	\$ 643,025
Contributions	6,164	15,025	21,189
Grants	4,726,341	29,917	4,756,258
Other revenue	176,121	12,691	188,812
Lease revenue	631,503	1,350	632,853
Investment income, net	44,029	47,444	91,473
Net assets released from restrictions	296,155	(296,155)	-
	<u>6,523,338</u>	<u>(189,728)</u>	<u>6,333,610</u>
Expenses			
Program services	5,731,069	-	5,731,069
Management and general	176,079	-	176,079
Fundraising	67,368	-	67,368
	<u>5,974,516</u>	<u>-</u>	<u>5,974,516</u>
Increase in Net Assets	548,822	(189,728)	359,094
Net Assets			
Beginning of year	<u>2,122,425</u>	<u>3,374,744</u>	<u>5,497,169</u>
End of year	<u>\$2,671,247</u>	<u>\$3,185,016</u>	<u>\$5,856,263</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Louisiana National Guard Foundation and Subsidiaries**
New Orleans, Louisiana

For the year ended June 30, 2022

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Totals</u>
Revenues and Support			
Billeting	\$ 639,198	\$ -	\$ 639,198
Contributions	-	17,888	17,888
Grants	4,896,660	166,972	5,063,632
Other revenue	171,984	12,000	183,984
Lease revenue	561,498	-	561,498
Investment loss, net	(82,398)	(68,037)	(150,435)
Net assets released from restrictions	28,175	(28,175)	-
	<u>6,215,117</u>	<u>100,648</u>	<u>6,315,765</u>
Expenses			
Program services	5,798,725	-	5,798,725
Management and general	185,429	-	185,429
	<u>5,984,154</u>	<u>-</u>	<u>5,984,154</u>
	230,963	100,648	331,611
Net Assets			
Beginning of year	<u>1,891,462</u>	<u>3,274,096</u>	<u>5,165,558</u>
End of year	<u><u>\$2,122,425</u></u>	<u><u>\$3,374,744</u></u>	<u><u>\$5,497,169</u></u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**Louisiana National Guard Foundation and Subsidiaries**
New Orleans, Louisiana

For the year ended June 30, 2023

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Expenses				
Project costs	\$4,597,877	\$ -	\$ -	\$4,597,877
Cleaning supplies and service	298,457	-	-	298,457
Grants	282,214	-	-	282,214
Legal	182,946	22,397	-	205,343
Program services and supplies	148,252	-	-	148,252
Professional fees	-	119,626	-	119,626
Fundraising expense	-	-	67,368	67,368
Utilities	55,135	1,363	-	56,498
Scholarships	37,219	-	-	37,219
Surcharge	31,672	-	-	31,672
Bank and credit card fees	19,494	600	-	20,094
Software	17,176	2,772	-	19,948
Office supplies	17,337	2,335	-	19,672
Morale, welfare, and recreation	15,737	-	-	15,737
Auto expense	-	10,009	-	10,009
Board expense	-	9,330	-	9,330
Repairs and maintenance	8,315	-	-	8,315
Advertising	6,771	-	-	6,771
Other	3,107	3,126	-	6,233
Depreciation	5,698	-	-	5,698
Mentor training	2,895	-	-	2,895
Insurance	-	2,654	-	2,654
Staff development	576	1,867	-	2,443
Memorial brick expense	191	-	-	191
Total expenses	<u>\$5,731,069</u>	<u>\$176,079</u>	<u>\$67,368</u>	<u>\$5,974,516</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**Louisiana National Guard Foundation and Subsidiaries**
New Orleans, Louisiana

For the year ended June 30, 2022

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total Expenses</u>
Expenses			
Project costs	\$4,756,972	\$ -	\$4,756,972
Legal	244,152	24,465	268,617
Grants	235,324	-	235,324
Cleaning supplies and service	220,046	-	220,046
Program services and supplies	160,090	-	160,090
Professional fees	-	123,592	123,592
Utilities	41,905	1,013	42,918
Surcharge	31,832	-	31,832
Repairs and maintenance	26,205	-	26,205
Scholarships	20,061	-	20,061
Bank and credit card fees	15,261	1,535	16,796
Software	10,611	2,565	13,176
Other	9,558	2,892	12,450
Office supplies	7,896	2,700	10,596
Depreciation	2,335	6,225	8,560
Morale, welfare, and recreation	8,212	-	8,212
Advertising	8,200	-	8,200
Auto expense	-	8,136	8,136
Board expense	-	7,545	7,545
Staff development	-	2,668	2,668
Insurance	-	2,093	2,093
Memorial brick expense	65	-	65
	<u>\$5,798,725</u>	<u>\$185,429</u>	<u>\$5,984,154</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS**Louisiana National Guard Foundation and Subsidiaries**

New Orleans, Louisiana

For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase in net assets	\$359,094	\$331,611
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,698	8,560
Net realized and unrealized loss (gain) on investments	(25,053)	184,554
Change in discount on Burn System receivable	(71,887)	(71,498)
(Increase) decrease in assets:		
Accounts receivable	(23,390)	(17,881)
Accrued state grant receivable	182,514	(244,063)
Prepaid expenses	(6,555)	(4,608)
Other assets	(23,280)	(16,154)
Accrued interest	(1,193)	(9,731)
Burn System receivable, net	60,000	45,000
Increase (decrease) in liabilities:		
Accounts payable	(198,217)	204,600
Grants payable	15,949	(9,107)
Accrued expenses	(8,153)	11,569
Other liabilities	(8,604)	-
Deferred revenue	(4,462)	(13,633)
	<u>252,461</u>	<u>399,219</u>
Cash Flows From Investing Activities		
Purchases of investments, net	<u>(506,585)</u>	<u>(23,721)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(254,124)</u>	<u>375,498</u>
Cash and Cash Equivalents		
Beginning of year	<u>564,179</u>	<u>188,681</u>
End of year	<u><u>\$310,055</u></u>	<u><u>\$564,179</u></u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Louisiana National Guard Foundation and Subsidiaries**

New Orleans, Louisiana

June 30, 2023 and 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization**

The Louisiana National Guard Foundation and Subsidiaries is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The mission of the Louisiana National Guard Foundation and Subsidiaries and its wholly owned subsidiaries (LANG Foundation - Camp Minden, LLC; LANG Foundation - Camp Minden Rail, LLC; LANG Foundation - Camp Villere, LLC; LANG Foundation - Esler Field, LLC; LANG Foundation - Family Resiliency and Social Welfare, LLC; LANG Foundation - Gillis W. Long Center, LLC; LANG Foundation - Jackson Barracks, LLC; LANG Foundation - Range Program, LLC; LANG Foundation - Solar Power, LLC; LANG Foundation - Solar Power AFRC, LLC; LANG Foundation - Solar Power Chennault, LLC; LANG Foundation - Solar Power Gillis Long, LLC; and LANG Foundation - Solar Power Hammond, LLC) (collectively, the “Organization”) is to exclusively support the educational programs and the museums of the Louisiana National Guard as well as the Louisiana National Guard’s mission, its members, veterans and their families.

In order to increase the Military Department of Louisiana’s (LMD) capabilities to accomplish its mission, LMD has a Billeting Program (the “Program”) for transient housing for soldiers, airmen, employees and other first responders at its major installations (Camp Beauregard, Camp Minden, Jackson Barracks, and the Gillis W. Long Center). In February of 2017, the LMD and the Organization entered into a cooperative endeavor agreement to operate and maintain the Program.

b. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Louisiana National Guard Foundation and its wholly owned subsidiaries (LANG Foundation - Camp Minden, LLC; LANG Foundation - Camp Minden Rail, LLC; LANG Foundation - Camp Villere, LLC; LANG Foundation - Esler Field, LLC; LANG Foundation - Family Resiliency and Social Welfare, LLC; LANG Foundation - Gillis W. Long Center, LLC; LANG Foundation - Jackson Barracks, LLC; LANG Foundation - Range Program, LLC; LANG Foundation - Solar Power, LLC; LANG

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

Foundation - Solar Power AFRC, LLC; LANG Foundation - Solar Power Chennault, LLC; LANG Foundation - Solar Power Gillis Long, LLC; and LANG Foundation - Solar Power Hammond, LLC). All significant intercompany balances and transactions have been eliminated in consolidation.

c. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

d. Basis of Presentation

The Organization reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for general operations. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions - Contributions and grants specifically authorized by the grantor or donor to be used for a certain purpose, to benefit a specific accounting period or are to be held in perpetuity by the Organization.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

e. Use of Estimates

The preparation of consolidated 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. Actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less, excluding those to be held for long term purposes and reported as investments, to be cash equivalents. Cash equivalents set aside for long term purposes as of June 30, 2023 and 2022 were \$683,060 and \$638,998, respectively, and are included in investments in the Consolidated Statements of Financial Position.

g. Accounts Receivable

Accounts receivable consists primarily of unsecured amounts due from various customers. Management closely monitors outstanding receivable and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. All accounts are considered fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary.

h. Notes Receivable

Notes receivables are recorded at their outstanding balance, net of any allowance for doubtful accounts, if determined necessary.

i. Allowance for Doubtful Accounts

An allowance for doubtful accounts is estimated based on management's analysis of other receivables. As of June 30, 2023 and 2022, the allowance for doubtful accounts was \$75,000, and is included in Burn System receivable, net on the Consolidated Statements of Financial Position.

j. Investments

Investments are valued at their fair values in the Consolidated Statements of Financial Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements. Donated securities are recorded at their fair value at the date of donation. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses on investments recorded at fair value are included in the Consolidated Statements of Activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property and Equipment

The Organization has adopted a policy of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$5,000. Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of each asset which range from three to five years.

l. Burn System Receivable

The Burn System receivable is recorded at the outstanding balance, net of the allowance of \$75,000.

m. Revenue Recognition

Revenues from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, “*Revenues from Contracts with Customers*”, as amended. ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its Consolidated Statements of Activities for the years ended June 30, 2023 and 2022:

Billeting Revenue

The Organization recognizes billeting revenue at the time the service is performed. The performance obligations are generally satisfied over time. Revenue from room sales is recorded on a daily basis, as the rooms are occupied.

n. Contributions

Contributions are recorded as assets with donor restrictions or assets without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Contributions (Continued)

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. There were no donated marketable securities or other non-cash donations for the years ended June 30, 2023 and 2022.

o. Contributed Services

Members of the Organization's board of directors have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these consolidated financial statements as it does not meet the criteria for recognition.

p. Methods Used for Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and are reconciled to the natural classifications in the Consolidated Statements of Functional Expenses. Costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been allocated to the Organization's programs or supporting services benefited. Such allocations are determined by management on an equitable basis as estimated by management.

q. Income Taxes

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ending June 30, 2020 and later remain subject to examination by the taxing authorities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued ASU No. 2016-02, “*Leases*” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Consolidated Statements of Activities and the Consolidated Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The adoption of the standard did not have a material effect on the Organization’s financial statements.

Lease Discount Rate

In November 2021, The FASB issued ASU No. 2021-09, “*Lease Discount Rate for Lessees That Are Not Public Business Entities*” (Topic 842). The ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The adoption of this standard did not have a material effect on the financial statements.

s. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 12, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances with several financial institutions where the balances are insured by Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, cash deposits in excess of Federal Deposit Insurance Corporation limits approximated \$83,000.

Note 3 - GRANTS RECEIVABLE

The balance of grants receivable, which are all deemed collectible by management, totaled \$61,549 and \$244,063 as of June 30, 2023 and 2022, respectively. The Organization has discounted the value of future grant receivables by using an estimated borrowing rate of 5%.

The details of grants receivable as of June 30, 2023 and 2022 are as follows:

	2023	2022
State of Louisiana	\$42,025	\$244,063
J. Edgar Monroe Foundation	20,000	-
Total grants receivable before discount	62,025	244,063
Less discount	(476)	-
Totals	\$61,549	\$244,063
	2023	2022
Amounts due in:		
Less than one year	\$52,025	\$244,063
One to five years	10,000	-
Totals	\$62,025	\$244,063

Note 4 - NOTE RECEIVABLE

In conjunction with the Burn System, the Organization received a note receivable with a face amount of \$100,000 bearing interest at 6% (see Note 9). The note was originally to be paid to the Organization in full with accrued interest in March 2021. During the year ended June 30, 2021, the maturity date of the note receivable was extended to March 22, 2023. On June 6, 2023, the maturity date of the note receivable was extended to November 30, 2023. All unpaid principal and interest is due on that date. During the year ended June 30, 2023, \$4,875 of interest was accrued but was not received by the Organization related to the note receivable. This amount is included in accrued interest on the Consolidated Statement of Financial Position as of June 30, 2023.

During the year ended June 30, 2023, \$7,000 of accrued interest was received by the Organization related to the note receivable. During the year ended June 30, 2022, \$6,000 of interest was accrued but was not received by the Organization related to the note receivable. This amount is included in accrued interest on the Consolidated Statement of Financial Position as of June 30, 2023.

Note 5 - INVESTMENTS

Investments held as of June 30, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Asset-backed securities	\$ 21,872	\$ 36,017
Collateralized mortgage obligations	59,426	94,468
Corporate fixed income	580,822	621,051
Equity securities	448,581	27,080
Exchange-traded funds	652,643	599,459
Government sponsored enterprise fixed income	4,852	28,315
Money market funds	683,060	638,998
Mortgage-backed securities	133,982	157,134
Municipal fixed income	30,497	-
Preferred securities	22,601	9,720
Real estate investment trusts/tangibles	3,622	5,461
U.S. Treasury fixed income	321,792	214,409
	<u>\$2,963,750</u>	<u>\$2,432,112</u>
Totals		

Note 5 - INVESTMENTS (Continued)

Investment income for the years ended June 30, 2023 and 2022 is summarized as follows:

	2023	2022
Increase (decrease) in unrealized appreciation	\$56,701	\$(179,174)
Realized loss	(31,648)	(5,380)
Interest and dividends	79,838	45,069
Advisor fees	(13,418)	(10,950)
Investment income (loss)	\$91,473	\$(150,435)

Note 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Asset-backed securities, collateralized mortgage obligations, corporate fixed income, government sponsored enterprise fixed income, mortgage-backed securities, municipal fixed income, preferred securities, real estate investment trusts/tangibles - Valued by independent pricing vendors used by the custodians of the investments. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the models used by the pricing vendors are derived from market-observable sources, including benchmark yields, reported trades, broker/dealer quotes, and other market-related data. Since many of these fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information, including benchmark curves, benchmarking of like securities, and matrix pricing. These investments are included in level 2 of the fair value hierarchy.

Money market funds and exchange-traded funds: Valued at quoted market prices, which represent the net asset value per unit. These are included in level 1 of the fair value hierarchy.

U.S. Treasury fixed income and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded. These are included in level 1 of the fair value hierarchy.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2023 and 2022, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Total Assets Measured At Fair Value	2023 Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Asset-backed securities	\$ 21,872	\$ -	\$ 21,872	\$ -
Collateralized mortgage obligations	59,426	-	59,426	-
Corporate fixed income	580,822	-	580,822	-
Equity securities	448,581	448,581	-	-
Exchange-traded funds	652,643	652,643	-	-
Government sponsored enterprise fixed income	4,852	-	4,852	-
Money market funds	683,060	683,060	-	-
Mortgage-backed securities	133,982	-	133,982	-
Municipal fixed income	30,497	-	30,497	-
Preferred securities	22,601	-	22,601	-
Real estate investment trusts/tangibles	3,622	-	3,622	-
U.S. Treasury fixed income	321,792	321,792	-	-
Totals	<u>\$2,963,750</u>	<u>\$2,106,076</u>	<u>\$857,674</u>	<u>\$ -</u>

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

Description	Total Assets Measured At Fair Value	2022		
		Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Asset-backed securities	\$ 36,017	\$ -	\$ 36,017	\$ -
Collateralized mortgage obligations	94,468	-	94,468	-
Corporate fixed income	621,051	-	621,051	-
Equity securities	27,080	27,080	-	-
Exchange-traded funds	599,459	599,459	-	-
Government sponsored enterprise fixed income	28,315	-	28,315	-
Money market funds	638,998	638,998	-	-
Mortgage-backed securities	157,134	-	157,134	-
Preferred securities	9,720	-	9,720	-
Real estate investment trusts/tangibles	5,461	-	5,461	-
U.S. Treasury fixed income	214,409	214,409	-	-
Totals	<u>\$2,432,112</u>	<u>\$1,479,946</u>	<u>\$952,166</u>	<u>\$ -</u>

As of June 30, 2023 and 2022, there were no assets measured at fair value on a non-recurring basis.

Note 7 - PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consists of the following:

	2023	2022
Furniture and fixtures	\$ 28,488	\$ 28,488
Website	17,175	17,175
Less accumulated depreciation	<u>(34,270)</u>	<u>(28,572)</u>
Net property and equipment	<u>\$ 11,393</u>	<u>\$ 17,091</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$5,698 and \$8,560, respectively.

Note 8 - RAIL CAR STORAGE AND LEASE REVENUE

During September and October of 2017, the Organization, through the creation of subsidiary special purpose entities, LANG Foundation - Camp Minden, LLC, and LANG Foundation Camp Minden Rail, LLC, entered into two cooperative endeavor agreements (CEA) with the LMD to operate as the master subtenant that will sublease a rail line and a ground lease to private entities. The CEA has no termination date. As per an amendment to the CEA effective August 1, 2020, the lease payment will be \$13,331 on or before the 5th day each month the CEA is in effect, which is deemed rent under the Master Lease. During the years ended June 30, 2023 and 2022, the Organization earned \$434,214 and \$378,000 respectively, related to these two CEAs.

Minimum lease payments to be received under these agreements are as follows at June 30, 2023:

Year Ending June 30,	
2024	\$ 378,000
2025	378,000
2026	378,000
2027	378,000
2028	<u>94,500</u>
Total	<u>\$1,606,500</u>

The Organization also leases other assets through which it acquired the right to lease the assets through other cooperative endeavor agreements with the LMD. These leases expire between the 2024 and 2087 fiscal years. Some of the leases contain automatic increases of either the Consumer Price Index or 3% if the lease extension option is exercised by the tenant.

Minimum lease payments to be received under these agreements are as follows as of June 30, 2023:

Year Ending June 30,	
2024	\$ 177,148
2025	97,305
2026	94,822
2027	97,020
2028	99,283
Thereafter	<u>12,045,803</u>
Total	<u>\$12,611,381</u>

During the years ended June 30, 2023 and 2022, the Organization earned other lease revenue of \$198,639 and \$183,498, respectively.

Note 9 - BURN SYSTEM

In response to a need to safely dispose of surplus military munitions stored at Camp Minden, Louisiana, LMD constructed a contained burn chamber (the “Burn System”) for the destruction of the munitions.

LMD and LANG Foundation - Camp Minden, LLC entered into a cooperative endeavor agreement in April 2018 to remediate, clean, and disassemble the Burn System and relocate the Burn System to a temporary location on Camp Minden, and after a period not to exceed one year after the transfer closing requirements are met, to relocate the Burn System outside the state of Louisiana. The CEA was updated in March 2019.

In return for assistance with certain tasks and consideration, on March 22, 2019 LMD conveyed all of its rights, title and interest in the cleaned Burn System to the Organization after relocation to the temporary storage site and the completion of the EPA requirements. Immediately upon receipt of the interest in the Burn System, the Organization conveyed all of its rights in and obligations related to the asset to a third party for consideration totaling \$3,586,924. The Act of Sale and an Assignment and Assumption Agreement were executed on March 22, 2019.

On March 22, 2019, the Organization also received cash totaling \$83,000 and a note receivable in the amount of \$100,000, due on November 30, 2023. (See Note 4).

The Organization is scheduled to receive monthly payments of \$5,000 related to the Burn System receivable.

The future payments on the Burn System receivable, net of the unamortized discount and allowance for doubtful accounts is as follows as of June 30, 2023 and 2022:

	2023	2022
Within one year	\$ 75,000	\$ 75,000
One to five years	240,000	240,000
Thereafter	2,951,924	3,011,924
Gross Burn System receivable	3,266,924	3,326,924
Less unamortized discount to net present value at rate of 3%	(849,277)	(921,164)
Less allowance for doubtful accounts	(75,000)	(75,000)
Burn System receivable, net	\$2,342,647	\$2,330,760

Note 9 - BURN SYSTEM (Continued)

The CEA stated that the proceeds from the sale of the Burn System were to be restricted for the establishment of the Louisiana National Guard Relief Fund to be established by the Organization. Based on this, the contribution was reflected as a donor restricted contribution in accordance with U.S. generally accepted auditing procedures (GAAP).

Note 10 - SOLAR PROJECTS

In response to a need to collect solar energy and generate electricity compliant with existing or anticipated renewable portfolio standards at LMD installations, the Organization plans to develop utility-scale solar microgrid energy systems at LMD installations.

LMD, the Organization, and a developer entered into a memorandum of understanding in September 2017 to allow the developer to develop solar energy on LMD installations.

The State of Louisiana and the Organization entered into a cooperative endeavor agreement in October 2021 to facilitate the receipt of an appropriation of \$5 million as part of Act 119 of the 2021 Louisiana Legislative Regular Session related to the solar projects.

The State of Louisiana and the Organization entered into a cooperative endeavor agreement in November 2022 to facilitate the receipt of an appropriation of \$5 million as part of Act 170 of the 2022 Louisiana Legislative Regular Session related to the solar projects.

The Organization and LANG Foundation - Solar Power, LLC entered into a master development agreement with a developer in June 2022 for each Phase I solar project to be subject to the agreement. The agreement provides the developer the exclusive right to develop solar projects at LMD installations for ten years. The exclusivity period can be extended by an additional three years for each additional twenty megawatts of a solar project that the developer begins.

LMD and LANG Foundation - Solar Power Gillis Long, LLC entered into a ground lease agreement in June 2022 for the solar project at the Gillis W. Long Center. The lease provides that the Organization shall expend within twelve months after the close of each fiscal year, an amount equal to the net rental income received from the ground sublease, on one or more projects to support the mission of the LMD or the annual rent income shall be turned over or granted to the LMD, which is deemed rent under the ground lease. The term of the lease is for ninety-nine years.

Note 10 - SOLAR PROJECTS (Continued)

LANG Foundation - Solar Power Gillis Long, LLC and a developer special purpose entity (SPE) entered into a ground sublease agreement in June 2022 for the solar project at the Gillis W. Long Center. The lease calls for rent of \$3,000 annually until the earlier of the commencement of commercial operations or June 2023. The rent increases to \$5,500 annually, subject to an increase every five years of 2% per annum, compounding annually. The rent is not subject to the 2% increase for any periods that the developer SPE prepays the rent. The lease term is for twenty-five years from the earlier of the commencement of commercial operations or June 2023. The lease can be extended by three option periods of twenty years each. The first and second option shall be automatically exercised unless the developer SPE delivers notice to LANG Foundation - Solar Power Gillis Long, LLC at least twelve months prior to the next lease term beginning. All immovable property constructed by the developer SPE and movable property at the solar project site shall be the property of the developer SPE. The terms of this lease is included in the minimum lease payments to be received in Note 8.

Another appropriation of \$5 million was made by the State of Louisiana related to the solar projects for the year ending June 30, 2024 (see Note 13).

Note 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Friends of the Louisiana National Guard Museum	\$ 104,307	\$ 151,392
Youth Challenge Program and Military Education Training Enhancement Program	<u>583,431</u>	<u>578,722</u>
Total programs	<u>687,738</u>	<u>730,114</u>
Subject to expenditure for specified purpose and to the passage of time:		
LANG Emergency Relief Fund	2,497,278	2,487,658
Solar projects	<u>-</u>	<u>156,972</u>
Total programs	<u>2,497,278</u>	<u>2,644,630</u>
Total net assets with donor restrictions	<u><u>\$3,185,016</u></u>	<u><u>\$3,374,744</u></u>

Note 11 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from the donor restrictions by incurring expenses satisfying the restricted purpose during the years ended June 30, 2023 and 2022:

	2023	2022
Purpose restriction satisfied:		
Friends of the Louisiana National Guard Museum	\$ 62,311	\$ 3,369
Youth Challenge Program and Military Education Training Enhancement Program	56,266	23,555
Purpose restriction satisfied and passage of time:		
LANG Emergency Relief Fund	20,606	1,251
Solar projects	156,972	-
Total net assets released	\$296,155	\$28,175

Note 12 - LIQUIDITY AND AVAILABILITY OF ASSETS

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization’s liquidity management plan includes adopting a balanced operating budget and maintaining operating reserves equal to \$287,000 or approximately 25% of annual operating expenses. The Organization invests excess cash in money market accounts, certificates of deposit and other marketable securities.

The Organization receives grants and contributions with donor time and purpose restrictions. In addition, the Organization generates revenue and receives support without donor restrictions. Billeting revenues, contributions without donor restrictions, other revenue, lease revenue, and investment income without donor restrictions are considered to be available to meet cash needs for general expenditures. General expenditures include program services and management and general. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

Note 12 - LIQUIDITY AND AVAILABILITY OF ASSETS (Continued)

The following table represents the Organization’s financial assets available for general expenditures within one year as of June 30, 2023 and 2022:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 310,055	\$ 564,179
Accounts receivable	75,605	52,215
Grants receivable, net	61,549	244,063
Note receivable	100,000	100,000
Accrued interest receivable	20,789	19,596
Investments	2,963,750	2,432,112
Burn System receivable, net	2,342,647	2,330,760
Total financial assets	5,874,395	5,742,925
Less amounts unavailable for general expenditures within one year, due to contractual or donor imposed restrictions:		
Investments with maturities greater than one year	(905,540)	(962,018)
Purpose or time restricted net assets	(3,185,016)	(3,374,744)
Total financial assets not available to be used within one year	(4,090,556)	(4,336,762)
Financial assets available to meet general expenditures within one year	\$ 1,783,839	\$ 1,406,163

Note 13 - SUBSEQUENT EVENTS

Solar Project Appropriation

During the 2023 Louisiana Legislative Regular Session, Act 447 was passed and signed into law by Governor John Bel Edwards on June 29, 2023. The Act is effective beginning July 1, 2023. The Act appropriated \$5 million to the Department of Military Affairs related to a project to construct multiple solar farms through the Organization’s SPE, LANG Foundation - Solar Power, LLC. The Organization intends to enact a CEA with the LMD to receive the \$5 million during the year ended June 30, 2024. The Act states, “Every effort should be made to complete the objectives of the agreement and incur approved expenses by June 30, 2024. There is no extension of the June 30, 2024 deadline without legislative action and approval.”

Note 13 - SUBSEQUENT EVENTS (Continued)

Replacement Housing for Low to Moderate Income Military Families, Camp Beauregard Training Site

The housing project consists of 25 new single-family homes to support training and readiness for the Louisiana National Guard as a first responder. The housing will be built at Camp Beauregard located in Pineville, Louisiana. The project consists of 22 three-bedroom homes and 3 four-bedroom homes and is funded by a \$10,000,000 Community Development Block Grant from the State of Louisiana. In addition, LANG received \$2,000,000 from two other sources for the project. Once the houses are substantially complete, they will be contributed to the Foundation for management purposes. The houses are expected to be turned over to LANG prior to December 31, 2023.

Louisiana Economic Development Grant

The Organization is in negotiations with Louisiana Economic Development (LED) to receive a \$650,000 grant during the year ending June 30, 2024 to be used to assist in tenant building improvements at Camp Minden.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana**

For the year ended June 30, 2023

Agency Head Name: Michael Niclosi, Executive Director

Purpose

Salary (contract payments)	\$95,292
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	10,201
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<u>\$105,493</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
Louisiana National Guard Foundation and Subsidiaries,
New Orleans, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Louisiana National Guard Foundation and Subsidiaries (the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’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 Organization’s consolidated 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 charges with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 12, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

Louisiana National Guard Foundation and Subsidiaries New Orleans, Louisiana

For the year ended June 30, 2023

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

b) Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of \$750,000 during the year ended June 30, 2023 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2023 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2023 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control and Compliance

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of \$750,000 during the year ended June 30, 2023 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Louisiana National Guard Foundation and Subsidiaries New Orleans, Louisiana

For the year ended June 30, 2023

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2022 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2022 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of \$750,000 during the year ended June 30, 2022 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2022.

MANAGEMENT’S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2023

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2023 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2023 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of \$750,000 during the year ended June 30, 2023 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2023.

STATEWIDE AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors,
Louisiana National Guard Foundation and Subsidiaries,
New Orleans, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2022 through June 30, 2023. Louisiana National Guard Foundation and Subsidiaries (the “Organization”) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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 the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these 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 the Organization 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 12, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2023

The required procedures and our findings are as follows:

1) Procedures Performed on the Organization's Written Policies and Procedures:

- A. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:
- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - ii. 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.
Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - iii. Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue.
Performance: Obtained and read the written policy for receipts and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

1) Procedures Performed on the Organization's Written Policies and Procedures: (Continued)

- v. 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 rate of pay or approval and maintenance of pay rate schedules.
Not applicable, as the Organization has no employees.

- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- viii. Credit Cards (and debit cards, fuel cards, purchase 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).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- ix. 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 Organization's ethics policy.
Not applicable, as the Organization is not subject to this requirement.

- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not applicable, as the Organization has no debt.

1) Procedures Performed on the Organization's Written Policies and Procedures: (Continued)

- xi. 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.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Not applicable, as the Organization is not subject to this requirement.

2) Procedures Performed on the Organization's Board:

- A. 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:

- i. 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, or other equivalent document.

Performance: The Organization's bylaws call for at least an annual meeting. The Organization held four meetings in its fiscal year, and there was a quorum for each meeting.

Exceptions: There were no exceptions noted.

- ii. 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.

Performance: Obtained the minutes referenced financial activity relating to public funds.

Exceptions: There were no exceptions noted.

- iii. 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 unrestricted fund balance in the general fund.

Not applicable, as the Organization is not a governmental entity.

2) Procedures Performed on the Organization's Board: (Continued)

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable, as the Organization had no findings in the prior year.

3) Procedures Performed on the Organization's Bank Reconciliations:

- A. Obtain a listing of the Organization's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization'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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of December for the main operating bank account and other 4 accounts selected. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a 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

Performance: Inspected the Organization's documentation for the 5 bank accounts selected and verified that a member of management who does not handle cash, post ledgers, or issues checks has reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

- iii. 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.

Performance: Inspected documents for items outstanding for more than 12 months. We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Organization's Collections:

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- B. 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 (e.g., 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.
Not applicable, as only the non-employee Executive Director has a cash drawer/register.
- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: No exceptions noted since mitigating controls include the review of monthly financial statements by board members. The non-employee Executive Director is responsible for collecting cash and preparing/making bank deposits.
- iii. 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.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: No exceptions noted since mitigating controls include the review of monthly financial statements by board members. The non-employee Executive Director is responsible for collecting cash and for posting collection entries to the general ledger or subsidiary ledgers.

4) Procedures Performed on the Organization's Collections: (Continued)

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

The non-employee Executive Director is responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions. A member of the Board of Directors approves and verifies the accuracy of each bank reconciliation. As a mitigating control the Board of Directors review all financial information.

Exceptions: There were no exceptions noted.

- C. 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 in force during the fiscal period.

Performance: Obtained a listing of all individuals who have access to cash and inquired of management if these individuals are covered by a bond or insurance policy for theft.

Exceptions: Bond coverage is not available, as there is only the non-employee Executive Director. However, this is mitigated by Board of Directors oversight.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits selected and:

- i. Observe that receipts are sequentially pre-numbered.

Performance: Pre-numbered receipts are not applicable due to the small amount of receipts and only one individual recording receipts. This is mitigated by the oversight by the Board of Directors.

Exceptions: There were no exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Not applicable, as pre-numbered receipts are not used.

Exceptions: There were no exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Organization's Collections: (Continued)

- iv. Observe 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 any cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. 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).

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected sole location for testing.

Exceptions: There were no exceptions noted.

- B. For each location selected under #5A 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 Organization has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Not applicable, as the Organization only has a non-employee Executive Director.

As a mitigating control the Board of Directors review all financial information.

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

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Not applicable, as the Organization only has a non-employee Executive Director.

As a mitigating control the Board of Directors review all financial information.

5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Not applicable, as the Organization only has a non-employee Executive Director.
As a mitigating control the Board of Directors review all financial information.

iv. 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.

Not applicable, as the Organization only has a non-employee Executive Director.
As a mitigating control the Board of Directors review all financial information.

C. For each location selected under #5A above, obtain the Organization'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:

Performance: Obtained the Organization's non-payroll disbursement transaction population and management's representation in a separate letter that the population is complete. Randomly selected 5 disbursements for each location that processes payments for testing.

Exceptions: There were no exceptions noted.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Performance: Observed the 5 disbursements matched the related original invoice/billing statements and supporting documentation.

Exceptions: There were no exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Not applicable, as the Organization only has a non-employee Executive Director.
As a mitigating control the Board of Directors review all financial information.

5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Performance: Observed 5 electronic disbursements and noted proper approval as per the Organization's policy.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. 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:

- i. Observe 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, by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted. There are mitigating controls in place where the Board of Directors review financial information.

6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards: (Continued)

- ii. Observe that finance charges and/or late fees were not assessed on the selected statements.
Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.
Exceptions: There were no exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

a) For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.
Performance: Observed if the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.
Exceptions: There were no exceptions noted.
- ii. Written documentation of the business/public purpose.
Performance: Observed the transactions from the monthly statements were supported with written documentation of the business/public purpose.
Exceptions: There were no exceptions noted.
- iii. Documentation of the individuals participating in meals (for meal charges only).
Performance: Inspected the transactions from the monthly statements did not have any individuals participating in meals.
Exceptions: There were no exceptions noted.

7) Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements:

A. 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 and 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:

Performance: Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement forms and supporting documentation for 5 reimbursements.

Exceptions: There were no exceptions noted.

i. If reimbursed using a per diem observe that 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).

Performance: Agreed the reimbursement rate for the 5 selected reimbursements using a per diem rate to those rates established by the State of Louisiana.

Exceptions: There were no exceptions noted.

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

Not applicable, as the only reimbursements are mileage reimbursements.

iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

Performance: Inspected travel and travel-related expense reimbursements and observed each reimbursement is supported by documentation of business/public purpose.

Exceptions: There were no exceptions noted.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Inspected travel and travel-related expense reimbursements and observed written approval from someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Organization's Contracts:

- A. 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. Alternatively, 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,

Performance: Obtained 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. Management noted that there are no such contracts. Obtained management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Not applicable, as there were no contracts noted to test.
- ii. Observe that the contract was approved by the governing body, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Not applicable, as there were no contracts noted to test.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval);
Not applicable, as there were no contracts noted to test.
- iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.
Not applicable, as there were no contracts noted to test.

9) Procedures Performed on the Organization's Payroll and Personnel:

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

Not applicable, as the Organization only has a non-employee Executive Director.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

9) Procedures Performed on the Organization's Payroll and Personnel: (Continued)

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Not applicable, as the Organization only has a non-employee Executive Director.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Not applicable, as the Organization only has a non-employee Executive Director.

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

Not applicable, as the Organization only has a non-employee Executive Director.

- iv. Observe that the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.

Not applicable, as the Organization only has a non-employee Executive Director.

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Not applicable, as the Organization only has a non-employee Executive Director.

- D. 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

Not applicable, as the Organization only has a non-employee Executive Director.

10) Procedure Performed on the Organization's Ethics:

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170;

Not applicable, as the Organization is not subject to this requirement due to its nonprofit status.

10) Procedure Performed on the Organization's Ethics: (Continued)

- ii. Observe whether the Organization maintains documentation which demonstrates that each employee and official were notified of any changes to the Organization's ethics policy during the fiscal period, as applicable do to its nonprofit status.

Not applicable, as the Organization is not subject to this requirement due to its nonprofit status.

- B. Inquire and/or observe whether the Organization has appointed an ethics designee as required by R.S. 42:1170.

Not applicable, as the Organization is not subject to this requirement due to its nonprofit status.

11) Procedures Performed on the Organization's Debt Service:

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable, as the Organization has no debt.

- B. 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, as the Organization has no debt.

12) Procedures Performed on the Organization's Fraud Notice:

- A. 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 as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period. Management noted no misappropriations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Organization's Information Technology Disaster Recovery/
Business Continuity:**

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the Organization's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Performance: We performed the procedures and discussed the results with management.

- ii. Obtain and inspect the Organization'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.

Performance: We performed the procedures and discussed the results with management.

- iii. Obtain a listing of the Organization'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.

Performance: We performed the procedures and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: Not applicable, as the Organization had no terminated personnel during the year.

14) Procedures Performed on the Organization's Sexual Harassment:

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Not applicable, as the Organization is not subject to this requirement.

14) Procedures Performed on the Organization's Sexual Harassment: (Continued)

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

Not applicable, as the Organization is not subject to this requirement.

C. Obtain the Organization'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:

i. Number and percentage of public servants in the agency who have completed the training requirements;

Not applicable, as the Organization is not subject to this requirement.

ii. Number of sexual harassment complaints received by the agency;

Not applicable, as the Organization is not subject to this requirement.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable, as the Organization is not subject to this requirement.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;

Not applicable, as the Organization is not subject to this requirement.

v. Amount of time it took to resolve each complaint.

Not applicable, as the Organization is not subject to this requirement.

Management's Overall Response to Exceptions:

There were no exceptions noted.